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BOARD OF TRADE

Minutes of Evidence

taken before the

Departmental Committee on Cinematograph Films

together with

Appendices and Index

First to Fourth Days

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DEPARTMENTAL COMMITTEE ON CINEMATOGRAPH FILMS

MINUTE OF APPOINTMENT

The Board of Trade are pleased to appoint the following persons, viz. :—

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*),
Mr. ALAN CHARLES CAMERON, M.C.,
Mr. JOSEPH STANLEY HOLMES, M.P.,
Mr. JAMES JOSEPH MALLON,
The Hon. ELEANOR MARY PLUMER,
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.,

to be a Committee to consider the position of British films, having in mind the approaching expiry of the Cinematograph Films Act, 1927, and to advise whether any, and if so what, measures are still required in the public interest to promote the production, renting and exhibition of such films.

The Board are further pleased to appoint Mr. W. H. L. Patterson to be Secretary to the Committee.

(Signed) WALTER RUNCIMAN.

Board of Trade
25th March, 1936

LIST OF WITNESSES

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Associated Realist Film Producers, Ltd. ...	Mr. Paul Rotha	59
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	Mr. N. Loudon	
	Capt. The Hon. R. Norton	

MINUTES OF EVIDENCE

TAKEN BEFORE THE

COMMITTEE ON CINEMATOGRAPH FILMS

FIRST DAY

Tuesday, 5th May, 1936

PRESENT :

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
Mr. J. S. HOLMES, M.P.
Dr. J. J. MALLON, LL.D., J.P.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. R. D. FENNELLY, representing the Board of Trade, called and examined.

The Committee had before them the following memorandum by the Board of Trade:—

I.—THE POSITION BEFORE THE CINEMATOGRAPH FILMS ACT, 1927.

1. It has been estimated that in the year 1914 some 25 per cent. of the films shown in Great Britain were made in this country. Under stress of war conditions, however, production declined not only in the United Kingdom but in the chief Continental countries, and the United States were able to obtain almost a monopoly of the world markets in a form of entertainment which was rapidly growing in public favour. The dominating position thus secured by the United States made the recovery of film production in the United Kingdom after the war increasingly difficult, and although in the year 1923 it is estimated that about 10 per cent. of the films exhibited in this country were British, yet the proportion of British films displayed about the beginning of 1927 was not more than about 5 per cent. Of the balance 85 to 90 per cent. were of United States origin. Whereas in the year 1924 the total number of "feature" films made in this country appears to have been about 58, the output had fallen in 1925 to 34 and in 1926 to 26, together with perhaps three or four from the Empire overseas. There was in fact some danger of production in this country ceasing altogether.

2. The domination of United States films in the post-War period was due to the following factors amongst others—

(i) There was in the United States a vast and growing home market. There were by 1926 some 22,000 cinema theatres in the U.S.A. as compared with about 3,000 in this country.

(ii) The opportunities offered by the industry induced reputable people to sink a very large capital in the industry.

(iii) The best technicians and the best "stars" were consequently attracted to the United States, and the large home market enabled the production of costly films to be undertaken.

(iv) In technical methods and research the United States consequently progressed during the War and after it far beyond producers in other countries.

3. Arising out of the fact that they were distributing the best films in the world the United States subsidiary renting organisations in this country took advantage of the position to obtain a strong hold over the exhibitor. A much advertised film was only hired to him if he contracted to take with it a number of other films, many of which he had not even seen and some of which might not even have been made. This was the system known as "block" booking and "blind" booking and the effect was to tie the exhibitor to one or more renters for a long period ahead. Moreover, these renting organisations could afford to advertise a film so thoroughly that an exhibitor was almost driven to hire it.

4. As a result when a good film was produced in this country so many exhibitors were booked up for long periods ahead that the producer could not place the film and had to stand out of his money over considerable periods. This naturally put a brake on production, and it was not easy to attract money to the industry. British films, too, began to be booked before they were actually made, and the budget of production costs was assessed on the bookings—with at times unfortunate results for the exhibitor.

5. By 1925 the depressed state of the British industry was causing general concern. Apart from the purely industrial aspect of the matter, it was felt that from the point of view of British culture and ideals it was unwise to allow the United States to dominate the cinemas of this country. At that period nearly every film shown represented American ideas set out in an American atmosphere, and the accessories were American houses, American materials, American manufactures, etc. Whatever the position to-day, cinematograph audiences then were made up of the most impressionable sections of the community, and it was felt to be of the utmost importance for our prestige, for our trade and, it was even asserted, for our morals that they should see at least some proportion of British films. In other words, it was felt that a British film industry was a national asset. Protracted discussions took place between the Board of Trade and the Federation of British Industries and the trade organisations concerned, and an attempt was made by the industry to secure an increased exhibition of British films by voluntary effort.

6. While this voluntary experiment was going on the question of British films was considered by the Imperial Conference of 1926. The report of the General Economic Sub-Committee appointed by the Conference drew attention to the small proportion of films of British Empire origin shown in the several parts of the Empire. In Great Britain and Northern Ireland the proportion was about 5 per cent., and in the Irish Free State was probably no higher. In Australia the proportion by number of British Empire films imported in 1925 was slightly in excess of 8 per cent., although on a basis of total feet imported it was considerably less. In New Zealand some 10 per cent. of Empire films appear to have been shown. The proportion in Canada, South Africa, and the remaining parts of the Empire was known to be very small although statistical details were not available.

7. The Sub-Committee attached great importance to the increased production within the Empire of films of high entertainment value and outstanding educational merit, and to their wide exhibition throughout the Empire and the rest of the world. They pointed out that in foreign films the conditions in the several parts of the Empire and the habits of the people, even when represented at all, were not always represented faithfully, and were at times misrepresented. Moreover, the constant exhibition of foreign scenes or settings and the absence of any corresponding showings of Empire scenes or settings powerfully advertised foreign countries and foreign goods. The Sub-Committee suggested certain remedial measures including effective Customs duties, ample preference or free entry for Empire films, legislation for the prevention of " blind " and " block " booking and the imposition of requirements as to renting or exhibiting of a minimum quota of Empire films. They also pointed out that, as Great Britain and Northern Ireland was the largest producer of films and also the largest Empire market for films, any action taken in this country would undoubtedly be of the greatest assistance to other parts of the Empire in dealing with the film problem.

8. The Report of the Sub-Committee was approved by the Imperial Conference, which unanimously adopted the following resolution:—

> " The Imperial Conference, recognising that it is of the greatest importance that a large and increasing proportion of the films exhibited throughout the Empire should be of Empire production, commends the matter and the remedial measures proposed to the consideration of the Governments of the various parts of the Empire with a view to such early and effective action to deal with the serious situation now existing as they may severally find possible."

9. When the position was surveyed in the United Kingdom after the Imperial Conference it was found that the voluntary experiment had admittedly failed and the Government accordingly passed the Cinematograph Films Act, 1927, which was not only intended to safeguard the position in this country but also to give a lead to other parts of the Empire.

II.—The Purpose of the Cinematograph Films Act, 1927.

10. It should be explained that the cinematograph films industry in Great Britain and indeed in all countries is organised on the three-tier basis of maker (or producer), renter (or distributor) and exhibitor. It may be added that, although they are three separate entities for the purpose of the Act, there is considerable financial and other interlocking in Great Britain between the various sections of the trade. This is dealt with in the later sections of the memorandum.

11. The purpose of the Act was to build up a healthy film-making industry so that British films could find their due place on the screens not only of Great Britain and the Empire but of foreign countries. The two main objects of the Act were:—

(i) to impose certain restrictions on " blind " and " block " booking so as to release the exhibitor from the hold acquired over him by the United States renting organisations;

(ii) to assist production in the United Kingdom and elsewhere in the Empire by placing an obligation on renters in the United Kingdom to acquire and on exhibitors to show an increasing proportion of British films during the currency of the Act.

III.—Blind Booking, Advance Booking and Block Booking of Films.

12. This subject was referred to in a paper on " The Future of the Films Act " which was read by Mr. Simon Rowson, at a conference of the Cinematograph Exhibitors Association held at Cardiff in June, 1935. The following extracts have been taken from that paper.

> " ' Blind ' booking had for some years been denounced as one of the most serious evils introduced by the renters into the commercial practice of the film trade. It led to the sale of films before they could be seen in this country, and often before they were made. The producer announced a series of subjects—his programme—and the distributor responsible for selling this producer's output opened his sales campaign. The programme would consist of 20 to, perhaps, 50 subjects. Sometimes ' stars ' were specified alongside of certain subjects; at other times the ' stars ' would be designated before any subjects were allotted. Two or three of the subjects might be made and shown to the trade before the sales campaign began. The salesmen were ordered to sell the programme on the strength of these first productions as representative samples of the entire programme. It was rare indeed that the later subjects realised expectations, much less the representations of the enthusiastic salesmen. Frequent changes were the almost invariable rule in the fulfilment of the unmade portion of the programme. And the exhibitor's disappointment was the more acute because not only did the later pictures prove less good than the earlier ones, or fail to materialise at all, but he was often compelled to accept substitutes from which the promised stars were absent and sometimes even the subjects themselves were different. And there was or could be no effective remedy for the exhibitors, because at any given date the supply of alternative subjects is a strictly limited one. The exhibitor had in fact to consider, not so much the 700 or 800 films which in those days represented the year's total output of the American studios; but rather had he to pay attention to an average of 14 or 15 films which made an appearance each week. By the sales system then and still in vogue, practically all these subjects, and certainly the most attractive ones, were already contracted for by various exhibitors. The only resource of the disappointed showman was either to substitute with a film which he was willing to play concurrently with other exhibitors, or to play a film as ' second run ' which had proved exceptionally successful in some neighbouring theatre one or two weeks earlier, or show a much inferior film. These alternatives were frequently attended with exceedingly unsatisfactory results.
>
> " The adoption of a similar system by British producing companies proved even more vicious in its consequences. Here the far-forward system of bookings was attended with the following result. On 1st January, say, bookings were taken in connection with a subject to be released maybe 15 months later. The picture

itself was, for various reasons—but principally to avoid the lock-up of capital for too long—not put into production in the studio till towards the end of the year. Far too often, the budget of production cost was revised in line with the bookings taken and was made lower than was at first intended, and the picture resulting was, naturally, much less attractive than the exhibitors who booked it could reasonably expect.

"The exhibitors had therefore two evils to contend against both arising from the 'blind' and 'block' booking practices. By the time the American films reached the British screen they were 'dated,' and the clothes worn by the favourite stars had become old-fashioned. Similarly, the British film was less attractive than had been promised.

"The Government decided to meet the grievance by making 'blind' booking an offence which rendered the contract invalid and the parties to any such arrangement guilty of a misdemeanour and liable to money penalties. A 'blind' booking was, in effect, defined as one which related to a film that had not been trade-shown in London. Though the exhibitor might not have seen the film himself, the trade show guaranteed that it had a physical existence, that is would be delivered as shown, and that, if he desired, he could obtain a report of its suitability and value from the agent, or from the trade papers which make the reviewing of every new film a principal function of their existence.

"Closely related to the 'blind' booking provision of the Act was the attempt to deal with the advance-booking evil. There were many at the time who felt that this part of the Act was superfluous. The argument was that if business could be inaugurated only after the physical existence of the film was established and all the expense of production had been incurred, sufficient inducement existed to secure the maximum reduction of the interval between trade show and sales-dates and exhibition dates. The producer (through his agent the renter) would naturally exert the maximum pressure to secure the earliest possible play-dates, especially as, in contrast with the prevailing practice in other countries, no payments on signing contracts or at any date in advance of playing, ever form part of the exhibitor-renter contract in this country. But the Government thought otherwise, and insisted on their clause for the reduction, by easy stages, of the maximum interval between the sales-date and play-date from 12 to 6 months.

"It may be possible to give convincing proof that they were right who believed the advance-booking clauses of the Act were unnecessary. It is much easier to prove, however, that these clauses have been ineffective, and have at all times been more honoured in the breach than in the observance. Every salesman in the trade knows that booking arrangements are made every day for films which will be played long after the legal date. Sometimes they are called reservations only, at other times they are 'gentlemen's agreements,' at still other times the illegal interval is bridged by a series of one or more transfers of dates. Most frequently contracts are signed by the exhibitors, left with the salesman with power to insert a date when the contract is assumed to have been executed and confirmed by the renter. It is undeniable that this procedure is illegal. It is equally certain that both parties are equally guilty of this illegal practice. But though the existence of this illegal practice is known throughout the trade, and is also, I think, not unknown to the Board of Trade, I cannot recall a single case in which the Department has instituted proceedings, and what is, perhaps, even more striking, I believe there has not been a single occasion when the validity of such contracts has been questioned in a court of law."

13. Part I of the Cinematograph Films Act, 1927, seeks to remedy the abuses referred to above by prohibiting the blind booking and the excessive advance booking of films. The restrictions imposed necessarily affect the booking of films in blocks, but block booking as such is not specifically prohibited or controlled.

14. *Blind Booking.*—Section 1 makes it illegal to enter into an agreement to rent, or imposing an obligation when called on to rent, any film to which the Act applies until the film has been registered or a valid application for its registration has been made, and Section 5 (1) prohibits the exhibition of a film or a part of a serial film or series of films unless the film has been registered. Under Section 6 (4) an application for registration is not valid until the film has been trade shown.

Modifications of these prohibitions are made in the following circumstances:—

(*a*) The booking of a film which has not been previously exhibited to exhibitors or to the public for exhibition at one theatre only on a number of consecutive days and also the exhibition of a film at one theatre only on a number of consecutive days. The first of these exhibitions constitutes, for registration purposes, the statutory trade show (definition (*b*) under Section 32 (1)).

These relaxations of the general provisions recognise and permit the common trade practice of giving, generally at prominent Metropolitan theatres, early and special pre-release exhibitions of some of the more important films for longer periods than is usual at the ordinary cinema.

(*b*) After the first three parts of a serial film or series of films have been registered, or valid applications for their registration have been made, the whole serial or series may be booked without trade show of the remaining parts.

15. *Advance Booking.*—Section 2 prohibits the excessive advance booking of films by limiting the period between the date of the contract and the date of exhibition. The authorised period was reduced by stages from 12 months for contracts made before 1st October, 1928, to six months for contracts made since the 1st October, 1930.

In the booking of a serial film or series of films the authorised period applies only to the first three parts.

16. *Penalties.*—Under Section 3 contravention of Sections 1 and 2 renders the offender liable, on summary conviction, to a fine not exceeding £50. Any agreement in contravention of Sections 1 and 2 is invalid.

17. The Board of Trade have received from many sources information that Sections 1 and 2 are being widely contravened. They understand that it is a common practice for a renter to arrange with one or more exhibitors in an area to take the whole or agreed parts of his supply of films. In some cases the renter may refuse to rent any films unless the exhibitor agrees to take the whole or a stated part of his supply, including films not yet registered. In other cases actual terms may not be discussed or formal contracts signed until after the films concerned have been registered, thus leaving the exhibitor in a position to reject the films if their quality or the terms offered should be unacceptable to him.

18. The Board have been able to take proceedings under Section 3 in only one case. On that occasion, in 1928, they obtained possession of a copy of a post-card to exhibitors in which a renter stated that he had booked to certain specified theatres a film which, at the date of the circular had not been registered. Since then the Board have found it impossible to obtain evidence on which they could found a prosecution, the difficulty being mainly that the only persons who could furnish such evidence are the parties to the illegal agreement. Moreover it has been alleged to the Board by exhibitors who have complained of these practices that if they facilitated proceedings the renter concerned, and possibly other renters, might interrupt his supply of films and thus prejudice his livelihood.

19. Furthermore, the producer-renter-exhibitor combines exhibit the majority of their films at their own theatres. The reservation of dates for those films may involve, in some cases, the equivalent of excessive advance and even " blind " booking, but it would obviously be impracticable to institute proceedings in such cases.

20. While it must be admitted that in this matter the Act has proved to be largely ineffective and unenforceable, the existence of the statutory restrictions prevents renters from compelling exhibitors to enter into legally enforceable contracts of the kind which Parliament intended to prevent, and to that extent affords exhibitors opportunities of reconsidering and repudiating unduly burdensome agreements if they wish to do so.

21. Certain proposals to improve the position were made by the Advisory Committee in the Report which is before the Departmental Committee.

IV.—THE " QUOTA " PROVISIONS OF THE ACT.

22. As pointed out above, the Act sought to assist the production of films by imposing an obligation on renters to acquire and on exhibitors to show an increasing proportion of British films. These provisions are shortly summarised in the following paragraphs.

23. Under Section 27 (3) of the Act a British film is defined as one which has been made by a British subject, or subjects, or by a British company (which is, for this purpose, one constituted in any part of the British Empire, the majority of the directors of which are British subjects). The studio scenes must have been shot in the British Empire; the author of the scenario must have been a British subject and, generally speaking, not less than 75 per cent. of the salaries, wages and payments specifically paid for labour and services in the making of the film (excluding payments in respect of copyright and to one foreign actor, actress or producer) must have been paid to British subjects or persons domiciled in the Empire. The statutory requirements are dealt with at length in Appendix I.

24. The Act provides that no film shall be rented or exhibited unless it has been registered by the Board of Trade either as a British film or as a foreign film, and prohibits the renting or exhibiting of films in the absence of a licence issued to the renter or exhibitor, as the case may be, by the Board of Trade.

25. As regards the actual quota provisions, the Act provides that a renter in each of the quota years shall acquire for the purposes of renting at least a specified percentage of British films, the percentage being specified both as regards the long films (3,000 feet or upwards) and also in respect of all films, long or short (the latter being those of less than 3,000 feet). It is thus possible for any deficiency in British short films to be satisfied by a corresponding increase in the length of the British long films acquired. Provision is also made for small renters to combine for quota purposes with the permission of the Board of Trade. Renters are required to keep records of the films acquired by them for renting and to make returns annually to the Board of Trade. The return which is made at the end of the renters' quota year shows all the films acquired by them and also the extent to which they have been booked for exhibition. The renter is also required to make a supplementary return 12 months later, giving additional details of the bookings that have been taken. This enables the Board to ensure that films which are acquired late in a quota year have been *bona fide* acquired for the purposes of renting and not merely for quota purposes. The Board are empowered to inspect the records kept on renters' premises and also to examine the returns made to them in order to satisfy themselves that there has been compliance with the provisions of the Act.

26. In the case of exhibitors, the Act similarly provides that during each quota year a specified percentage of the total length of films exhibited shall be British. As in the case of renters the obligation is in respect of long films and all films separately. It may be noted, however, that whereas in the case of renters the quota is based on the total length of the films acquired for renting, in the case of exhibitors the basis of the quota is the total length of the films exhibited multiplied by the number of times such films are exhibited during the hours when the theatre is open. As in the case of renters, provision is made for exhibitors to keep prescribed records with regard to the films exhibited which are open to inspection, and for annual returns to be made to and examined by the Board of Trade.

27. The quota scales laid down in the Act are as follows:—[The renters' quota year ends on the 31st March and the exhibitors' quota year on the 30th September].

Year.	Renters' quota Percentage.	Exhibitors' quota Percentage.
1929	7½	5
1930	10	7½
1931	10	7½
1932	12½	10
1933	15	12½
1934	17½	15
1935	17½	15
1936	20	20
1937	20	20
1938	20	20

The difference in the renters' and exhibitors' quota years is due to the fact that there is always a considerable time lag before a film acquired by a renter is available for general distribution to exhibitors. It will be observed that at the present time the maxima quotas laid down in the Act have already been reached and that for most purposes the Act expires, so far as renters are concerned, at the end of March, 1938, and, so far as exhibitors are concerned, in September of the same year.

28. Provision is also made for prosecution, either in a summary manner or on indictment, of renters or exhibitors who fail to comply with their quota obligations. In the case of a third offence, the renter or exhibitor may be deprived by the Court of his licence to rent or exhibit films, as the case may be. Provision is also made for a certificate to be issued by the Board of Trade where failure to comply with the quota was due to reasons beyond the control of the renter or exhibitor, such as the character of the British films available or their cost.

29. The Act was designed to promote the making in this country of the fictional or dramatic films which form the bulk of the programme in the ordinary cinema and necessitate the use of studios and the employment of artistes, technicians and general labour to a considerable degree. It was accordingly deemed necessary to exclude certain classes of films from the operation of the Act, as otherwise renters of foreign films would have been able to meet their obligations by acquiring cheaply-produced films with little or no studio work. The excluded classes, which are enumerated in Section

27 (1) include films depicting mainly news or current events, natural scenery, commercial advertisement, films wholly or mainly depicting manufacturing processes and scientific, including natural history, films.

30. It was recognised, however, that some such films might be of importance and that their exhibition should be encouraged on cultural grounds. It was accordingly provided that the Board of Trade could allow films of any of these classes to be registered for the purposes of the renters' and exhibitors' quotas on the ground of " special exhibition value ". A small number of films are registered under this proviso every year, after consultation with the Advisory Committee. Further, in order to assist their exhibition in the cinemas, British films falling within the excepted classes, other than those depicting mainly news or current events and commercial advertisements, are entitled, although not required, to be registered for the purposes of the exhibitors' quota only. There is a growing registration of such films in view of the increased output of documentary and " interest " films which are not covered by the Act.

31. For the purposes of advising the Board of Trade on the administration of the Act provision is made for the appointment of an Advisory Committee consisting of two representatives of film makers, two representatives of film renters, four representatives of film exhibitors and five independent members (one of whom is to be Chairman and one must be a woman). Under the Act the Advisory Committee has certain statutory functions to perform. For instance, all cases of quota default on the part of renters or exhibitors must be submitted to them for advice before a decision to refuse a certificate that the default was due to circumstances beyond their control is reached by the Board of Trade. In practice, however, the Board consult them on other questions also.

V.—THE POSITION OF THE PRODUCERS.

32. The makers or producers of films are combined for trade association purposes in the Film Producers' Group of the Federation of British Industries (Secretary: Mr. M. Neville Kearney).

33. There has been a very large increase in the facilities available for making films in Great Britain since the passing of the 1927 Act. The Film Producers' Group in the course of their evidence will presumably be prepared to furnish details of the number of studios and stages which are now in existence as compared with 1927. There is no doubt however that since that date old studios have been rebuilt and re-equipped and new studios erected which on the technical side compare favourably with those of the United States. Considerable amounts of capital have been put into film production by the investing public and a number of new important producing companies have appeared.

34. A list of the principal makers of fiction and dramatic films in this country is given in Appendix III. Among the leading producers are:—

Gaumont-British Picture Corporation, Ltd., with studios at Shepherd's Bush and Islington.

Associated British Picture Corporation, Ltd. (formerly British International Pictures, Ltd.), with studios at Elstree and Welwyn Garden City.

London Film Productions, Ltd., who are erecting large modern studios at Denham, Bucks.

British and Dominion Film Corporation, Ltd.

35. In addition there are a number of producers making interest, scientific, educational, etc., films, which do not in general fall within the ambit of the Act.

36. It will be observed from Appendix III that there are a number of production companies or units which do not own studios. These companies or units are usually formed for the production of one or more films which are made either in the studios of other producers, as stages become available for letting during intervals in their own production programmes, or in studios owned by companies who specialise in letting and make few, if any, films themselves.

37. Before he embarks upon the cost of producing a picture the producer wishes, if possible, to be certain of his market. For this reason the important production companies, especially those which own studios, are in association with distributing companies. The connection between the producing and renting companies is shown in Appendix IV. The independent production units usually make an arrangement with a renter before embarking on a film. These arrangements vary in character. Sometimes the renter will make an advance towards the cost of the picture; in other cases the renter pays a lump sum down on delivery of the negative which may or may not be combined with an arrangement whereby the maker and renter share the proceeds of the distribution of the film in certain proportions; and in other cases the renter takes the picture on a sharing basis without any lump sum payment.

38. In the case of Gaumont-British Picture Corporation, Ltd., and Associated British Picture Corporation, Ltd., the process of vertical combination is carried a stage further in that they also control circuits of cinemas amounting to 330 in the case of the former and 225 in the case of the latter. The control of these cinemas assures, of course, a definite market for their product through their associated renting organisations.

39. It is understood that the Fox Film Company of America have a considerable holding in the Gaumont-British Picture Corporation which, however, does not amount to control, but apart from this there is, so far as is known, little foreign capital invested in the production side of the United Kingdom industry. Only three United States renting organisations (Fox Films, and Warner First National jointly) have acquired studios in this country for the production of the films required to meet their obligations under the Act. The remainder obtain their films from various sources—mostly from independent producers who hire studios for the purpose of making them.

40. The following tables " A " and " B " show the number and length respectively of British and foreign long and short films registered for renters' quota during the years since the Cinematograph Films Act, 1927, became operative:—

TABLE A.

Number of films registered.

Period (years ended March 31).	Long.			Short.			All Films.		
	British.	Foreign.	Total.	British.	Foreign.	Total.	British.	Foreign.	Total.
1929 ...	128	550	679	150	663	829	278	1,213	1,491
1930 ...	96	506	602	180	885	1,065	276	1,391	1,667
1931 ...	122	556	681	53	976	1,058	175	1,532	1,707
1932 ...	153	464	618	44	917	977	197	1,381	1,578
1933 ...	159	481	643	41	741	841	200	1,222	1,422
1934 ...	190	484	679	48	647	707	238	1,131	1,369
1935 ...	189	477	667	67	697	820	256	1,174	1,430
1936 ...	212	506	718	85	578	663	297	1,084	1,381

TABLE B.

Length of films registered (in thousand feet).

Period (years ended March 31).	Long.			Short.			All Films.		
	British.	Foreign.	Total.	British.	Foreign.	Total.	British.	Foreign.	Total.
1929 ...	904	3,400	4,304	170	922	1,092	1,074	4,322	5,396
1930 ...	624	3,331	3,955	150	1,204	1,354	774	4,535	5,309
1931 ...	789	3,649	4,438	60	1,160	1,220	849	4,809	5,658
1932 ...	928	2,962	3,890	59	1,071	1,130	987	4,033	5,020
1933 ...	961	3,057	4,018	47	893	940	1,008	3,950	4,958
1934 ...	1,180	3,115	4,295	60	769	829	1,240	3,884	5,124
1935 ...	1,183	3,116	4,299	68	891	959	1,251	4,007	5,258
1936 ...	1,379	3,316	4,695	96	756	852	1,475	4,072	5,547

41. It will be seen that as was to be expected there was a considerable output of British films in the first year of the Act. In 1930 and 1931 production was to a certain extent disorganised by the introduction of sound, but British producers had made so satisfactory a start that they were able to surmount this obstacle and after 1931 production increased rapidly. The number of British films produced has always been far in excess of those required to meet the statutory quota on the foreign films registered.

42. It will be observed that on the other hand there has been a decrease with slight fluctuations in the foreign long films registered both as regards number and length since the first year of the renters' quota. This reduction is probably accounted for partly by economic conditions in the U.S.A. and partly by the fact that the increased production of British films and the cost of providing quota has made it unprofitable to bring to this country certain poorer quality American films which could profitably be distributed under the conditions which prevailed before the Act came into force and during the first year or two of its operation.

43. It will be further observed that British short films showed a considerable decrease both in number and length until 1933 when some slight degree of recovery took place. This decrease in short films has been apparent however not only in British but also in foreign films. The small output of British short films is probably due largely to the unfavourable economic conditions under which they are made and sold. In the case of foreign films it is probably due in considerable measure to the increasing extent to which programmes shown to the public consist of two long films and a news reel instead of one long film and several short films. There has, however, in the last two years been a considerable increase in the output of short "interest" and documentary films, many of which have been registered for exhibitors' quota. Forty-six short films were registered in this way in the year ended 31st March, 1936, as against three long films.

44. The Board of Trade are not in a position to estimate either the capital invested in the production side of the industry or the cost of British films. In order that the Board may be in a position to assure themselves that the requirements of the Act in relation to British films have been complied with, the producer has to furnish particulars of the salaries, wages and other payments made to persons directly employed in the making of a film. The total expended in this way in respect of British films made in the quota year 1935-6 amounted to £2,750,000. This total excludes payments made in 95 cases to foreign artists and producers (usually highly paid). It does not include cost of sets and other materials, studio hire where paid, and general overheads. The total amount expended in production in 1935-6 may therefore have been of the order of £5,000,000 or more, but the figure is suggested with all reserve.

45. The particulars of British films given in paragraph 40 include films made not only in the United Kingdom but elsewhere in the Empire. The following table "C" gives particulars of the films made outside Great Britain which have been registered for full quota as British since the Act came into force. Practically all these films were acquired by foreign-controlled renters. It will be seen that in the quota year 1935-6, for instance, only 11 of the long films registered as British under the Act were made outside Great Britain. Six of these came from Australia, while three were Indian silent films made some years ago and not hitherto registered in this country.

TABLE C.

Quota Year.	No. of films.	
	Long.	Short.
1928–9	8	1
1929–30	7	–
1930–1	9	5
1931–2	6	1
1932–3	9	8
1933–4	9	4
1934–5	11	–
1935–6	11	–
Total ...	70	19

Full details are given in Appendix V.

VI. THE POSITION OF THE RENTERS.

46. The renters or distributors of films are combined for trade association purposes in the Kinematograph Renters' Society (Secretary, Mr. F. Hill).

47. As already stated, renters who distribute films to which the Act applies must be in possession of an annual licence issued by the Board of Trade. The number of licensed renters in recent years has been:—

1933-4	51
1934-5	55
1935-6	65

A considerable number of these renters only register one or two films or none at all (22 renters acquired no registered films in 1935-6), and the number of renters who registered more than six long films was 22, 16 and 19 in the years mentioned above. A list of the principal renters is given in Appendix IV. Nine are subsidiary companies in the United Kingdom of the chief United States producers' organisations, as follows:—

Columbia Pictures Corporation, Ltd.
First National Film Distributors, Ltd.
Fox Film Company, Ltd.
Metro-Goldwyn-Mayer Pictures, Ltd.
Paramount Film Service, Ltd.
Radio Pictures, Ltd.
United Artists Corporation, Ltd.
*Universal Pictures, Ltd.
Warner Brothers Pictures, Ltd.

In the renters' quota year ended 31st March, 1936, these nine foreign companies between them distributed 342 out of a total of 506 long foreign films registered in that year. They also distributed 113 out of 212 British pictures.

48. The chief renting companies associated with British producing firms are:—

Associated British Film Distributors, Ltd.
British Lion Film Corporation, Ltd.
Butcher's Film Service, Ltd.
Gaumont-British Distributors, Ltd.
*General Film Distributors, Ltd.
Pathé Pictures, Ltd.
Wardour Films, Ltd.
Twickenham Film Distributors, Ltd.

Gaumont-British Distributors, Ltd., mainly distribute British films produced by Gaumont-British Picture Corporation, Ltd., and Wardour Films, Ltd., and Pathé Pictures Ltd., those made by Associated British Pictures Corporation, Ltd. These renters, however, all occasionally distribute British films made by independent units. Between them they were responsible for distributing 86 out of 212 British films registered in 1935-6, and 87 out of 506 foreign films.

49. As already stated, every renter is under an obligation to acquire each year a certain proportion of British films in relation to the total films acquired. The following table "D" taken (with some modifications and the addition of figures for 1935-6) from a paper recently read by Mr. S. Rowson before the Royal Statistical Society, shows the quota during each of the years ended March from 1929 to 1936, together with the corresponding number of British and foreign films registered for renters' quota during that period.

TABLE D.

Comparison of British Films produced with minimum quota requirement.

Year ended March 31.	1 Quota per cent.	2 Foreign shorts registered '000 ft.	3 British shorts required if there were a separate quota on shorts. '000 ft.	4 British shorts registered for renters' quota. '000 ft.	5 Deficiency in Col. 4. '000 ft.	6 Foreign Longs registered. '000 ft.	7 British Longs required for quota. '000 ft.	8 Minimum length of British Longs required for quota Col. 7 + Col. 5. '000 ft.	9 Actual length of British Longs registered for renters' quota. '000 ft.	10 Excess of British Longs produced. Length.	11 Per cent.
1929	7½	922	75	170	—	3,400	276	276	904	628	230
1930	10	1,204	134	150	—	3,331	370	370	624	254	70
1931	10	1,160	129	60	69	3,649	405	474	789	315	66
1932	12½	1,071	153	59	94	3,962	566	660	928	268	40
1933	15	893	158	47	111	3,057	540	651	961	310	48
1934	17½	769	161	60	101	3,115	661	762	1,180	418	55
1935	17½	891	189	68	121	3,116	661	782	1,183	401	51
1936	20	756	189	96	93	3,316	829	922	1,379	457	50

50. It will be observed that since the year ended March, 1930, there has been a deficiency in British short films calculated on the basis of the quota percentage of the length of foreign short films registered. So far as the combined quota of long and short films is concerned, there has been, however, in each year a considerable excess of British long films registered over the actual length of British long films required to meet the quota both in long films and in all films. The liability for quota is, however, generally speaking, an individual one. Table E shows the quota liability for all films of the main British and foreign renting companies in this country during the quota year ended March, 1935, together with the actual length of British films registered by them during the year in question.

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* See note on General Film Distributors to para. 48.

* This is a new renting organisation which distributes films made by a number of independent film units. It has recently become associated with a group under Lord Portal which has bought into Universal Pictures, the United States producing concern, and has taken over the distribution in the United Kingdom of Universal films.

TABLE E.

Comparison of British films registered by the principal companies in 1934–5 with their minimum quota requirements.

——	Quota Liability. ('000 ft.)	Length Registered. ('000 ft.)
British Companies.		
Associated British Film Distributors	51	43
Associated Producing & Distribution Co.	7	23
British Lion Film Corporation ...	12	42
Butcher's Film Service	8	45
Gaumont-British Distributors ...	47	210
Pathé Pictures	38	39
Wardour Films	31	120
Foreign Controlled Companies.		
Columbia Pictures Corporation	68	68
First National Film Distributors	49	49
Fox Film Co.	69	69
Metro-Goldwyn Mayer Pictures Ltd.	89	89
Paramount Film Service ...	97	98
Radio Pictures	78	78
United Artists Corporation ...	27	52
Universal Pictures Ltd.	113	113
Warner Bros. Pictures	47	47

Detailed figures for the year ended March, 1936, will not be completely available until the renters' returns for 1935-6 have been received and examined, but preliminary estimates will show much the same result as in 1934-5, namely, that the foreign controlled companies tend to register just sufficient British films to meet their quota obligations, while the British companies in general acquire registered films far in excess of the obligation. Among the foreign controlled companies the exception is United Artists who act as distributing agents in this country for the films produced by London Film Productions Ltd. and British and Dominions Film Corporation Ltd.

51. Although the question of the quality of British films will be discussed more generally at a later stage in the memorandum, it may be interesting at this point to compare the quality of the British and foreign films acquired by the British and the foreign controlled renters. The following table F is taken from the paper by Mr. S. Rowson to which reference has already been made.

TABLE F.

Estimated (*Weighted*) *Average Marking of Films in* 1934.

Registered by	British films.	Foreign films.
British Companies	8	7¼
Foreign Companies	7	8

This table is based upon the markings assigned to films by the Cinematograph Exhibitors' Association Review. Markings are based on a maximum of 10, but the difference between seven and eight marks represents a considerable difference in estimated value.* This table shows that the foreign controlled companies get the best foreign films and the worst British films and contrariwise that the British renting companies get the best British films and the worst foreign films. So far as these markings are reliable, they also show that the British films rented by British companies were on the average of as high a quality as the foreign films rented by the foreign controlled companies.

52. The following table G shows the number of renting firms in default with their quota in each of the years ended March, 1933, to 1935.

TABLE G.

Year ended March 31	Number of Renters licensed.	Number of Defaults.	Number of Prosecutions.
1932–33 ...	45	8	1
1933–34 ...	51	3	—
1934–35 ...	55	6	—
1935–36 ...	65	18	*

Most of the defaults occurred amongst small renters who register only one or two films and in many cases it is found that these renters go out of business before the end of a renters' year. Under the Act a renter who is in default is entitled to make a submission to the Board of Trade and to claim a certificate if he can show that the reasons for his non-compliance with the Act were outside his control. Before a decision is reached on the question of granting a certificate these cases of default are referred to the Cinematograph Films Advisory Committee as required by the Act. It will be observed that in only one case in the three years 1932-5 have proceedings been instituted. In the remaining cases no renter satisfied the Board of Trade that the circumstances of non-compliance were outside his control, but the defaults were not considered sufficiently serious to justify a prosecution. The companies concerned, however, were warned that they must not expect similar leniency in the case of any future default.

VII.—THE POSITION OF THE EXHIBITORS.

53. The exhibitors are combined for trade association purposes in the Cinematograph Exhibitors' Association (secretary, Mr. W. R. Fuller).

54. Under the Act every exhibitor showing films to which the Act applies is required to be in possession of an annual licence issued by the Board of Trade. This liability arises in respect of each cinema separately, and the licence is not transferable if the business changes hands during the course of a quota year. The numbers of licences issued by the Board of Trade to exhibitors in the course of the last three exhibitors' quota years have been as follows:—

Year ended 30th September.	
1933	4,852
1934	4,766
1935	4,855

These figures include a number of new licences which were issued in the course of a year when premises changed hands and the total number of cinemas normally open in this country may be taken at about 4,400.

55. As already pointed out, the Gaumont-British Picture Corporation control, through various associated companies, some 330 cinemas, and the Associated British Pictures Corporation some 225. None of the other British producing or renting concerns has, so far as is known, any financial interest in cinemas. Among the foreign controlled renting organisations Paramount have a chain of about 12 theatres in key positions throughout the country, while several of the other companies control a theatre in the West End of London which serves as a shop window for their films.

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* The markings may roughly be grouped as follows :—
Under 7 ... Bad.
7—7¼ ... Second features for small country cinemas.
7½—7¾ ... First feature for small cinemas; some may serve as second features elsewhere.
8—8½ ... First feature for most cinemas.
8¾ or over. Films of the "super" type.

* The number of defaults is a preliminary estimate and may be reduced by combinations of renters under Section 14. The defaults will be examined on the basis of the Renters' returns due on May 1st and will then be brought before the Advisory Committee as necessary.

56. Apart from the two major circuits referred to above there are several circuits of between 50 and 100 theatres and also a number of smaller circuits. In a few cases there are no financial arrangements between the companies constituting the circuit; they are combined together for the purpose of booking films, presumably because their greater strength enables them to make better terms with the renters. The renters have now set their face against any extension of this practice.

57. The renter normally hires his films to exhibitors on a percentage basis, that is to say, he takes a certain proportion of the gross receipts of the cinema after entertainment tax has been paid. The percentage charged varies with the type and popularity of the film—from 25-40 per cent., and even higher. Where a complete programme is taken from a renter the percentage is adjusted accordingly, but where the second feature is hired from a second renter it is usually paid for at a flat rate, e.g. £25 for a week. On the average, however, the renter probably takes between 35 to 40 per cent. of the gross receipts, less tax.

58. The following Table H shows the total length of registered films exhibited in Great Britain in each of the exhibitors' quota years 1932 to 1935:—

TABLE H.

Year ending 30th Sept.	Exhibitors' Statutory Quota. Per cent.	British.			Foreign.			Total.		
		Short.	Long.	Total.	Short.	Long.	Total.	Short.	Long.	Total.
		(In thousand millions of feet.)								
1932 ...	10	0·24	6·89	7·13	4·37	21·49	25·86	4·61	28·38	32·98
1933 ...	12½	0·20	7·90	8·10	3·80	22·20	26·00	4·00	30·10	34·10
1934 ...	15	0·24	9·22	9·46	3·59	23·21	26·80	3·83	32·43	36·26
1935 ...	15	0·17	9·40	9·57	3·85	24·10	27·95	4·02	33·50	37·52

59. The next Table I based on the figures given above gives the percentages of British films shown by exhibitors in the same years in comparison with the statutory quota:—

TABLE I.

Year ending 30th September.	Exhibitors' Statutory Quota.	Actual Quota of British Films Exhibited.		
		All Films.	Long Films.	Short Films.
	Per cent.	Per cent.	Per cent.	Per cent.
1932	10	21·60	24·27	5·13
1933	12½	23·70	26·20	5·26
1934	15	26·09	28·42	6·28
1935	15	25·51	28·07	4·21

Comparable figures for the years prior to 1932 are not available, but it will be observed that in each of the last four years exhibitors as a whole have shown British films considerably in excess of their statutory obligations. It will also be seen that the quota in respect of long films is higher than that for all films. Where an exhibitor is working near to his quota limit he naturally tends to show more British long films in order to make up the deficiency in British short films.

60. It is often stated that the high proportion of British films shown by exhibitors as a whole is due to the fact that the figures are weighted by the high quotas of the two main circuits. This does not, however, seem to be the case. An examination of the returns furnished by the circuit theatres in respect of the quota year 1933-34 shows that their quotas were below the general average in that year.

61. It will be seen from Table I that after a period of three years during which the quota of British films exhibited tended to increase, there has been a slight fall in the year 1934-35 in the case of the all and long film quotas. The short film quota, which is not statutory, fell from 6·28 per cent. to 4·21 per cent. This decline in the exhibition of British shorts was apparently not due to any diminution in supply of such films, as the number of British shorts registered in the renters' quota year 1934-35 was 123 as against 60 in the previous year. Quite a number of these films, registered for exhibitors' quota only, were of the "interest" and instructional type, while many were of a musical character. An examination of the returns made by exhibitors shows that at 1,600 theatres, or one-third of the total number, no British short films were exhibited. It is difficult to account for this decline. It may be due to the character of the films available or to the increasing number of theatres which are now showing two long films, a news reel and sometimes a short comedy as a complete programme.

62. It may be of interest to record the quotas for England, Scotland and Wales separately in respect of the exhibitors' quota year ended 30th September, 1935. The figures are:—

Country.	Long Films Quota.	All Films Quota.
	Per cent.	Per cent.
England	28·43	25·90
Scotland	28·24	26·03
Wales	25·01	22·12

63. In spite of the striking figures shown above there are a considerable number of defaults amongst exhibitors every year. The following Table J shows the number of defaults amongst exhibitors in each of the quota years 1932 to 1935:—

Table J.

Quota Year ended 30th Sept.	Total Defaults.	Total in respect of complete year.	Number of Prosecutions.
1932	130	29	2
1933	149	30	2
1934	179	69	10
1935*	147	71	1

* *Note.*—The Cinematograph Films Advisory Committee have not yet been asked to consider a number of defaults which occurred in 1934–35.

64. It will be seen that a large number of defaults occur in respect of only part of a year. These defaults occur particularly where theatres are opened late in the quota year and sufficient films of the right kind are not available, or where a business changes hands or is closed down in the course of the year. It should be explained that the quota liability attaches to the individual exhibitor and not to the cinema.

65. As compared with the number of theatres (4,400) the number of defaults is not large, especially when account is taken of those cases where for special reasons compliances with the Act would have been extremely difficult and in some cases impossible. No particular importance can be attached to the fact that there was a large increase in prosecutions in respect of the quota year ended September, 1934.

66. In the normal way after a film has been shown to the trade it is not released for general exhibition to the public for several months, though some outstanding films are shown for a short period soon after the Trade Show in the West End of London. The date of the general release varies between the Provinces and London, and even between North and South London so as, no doubt, to economise in copies of films. In the first week of its general release the film goes to the "first run" houses in the area which have booked it and in the weeks thereafter to the "second run," "third run," etc., houses.

67. In general, defaults on the part of exhibitors are attributed to the difficulty of obtaining a sufficient supply of British films of good quality combined in some cases with the contention that in particular areas of the country—in particular the East End of London and parts of Glasgow—British films are not in the public favour. The difficulty of securing adequate supplies of good British films arises chiefly in those towns or districts where there are a considerable number of "first run" houses in competition with one another, especially where some of these houses belong to the main circuits. The circuit cinemas naturally show most, if not all, of the films made by their connected producing organisations and, through their booking power, are able to obtain other British films in competition with independent exhibitors who have only one or two cinemas. The number of British films available to the independent exhibitor is materially reduced and the residue left to him includes most of the films of poor quality. Even if he were prepared to show a particular film of good quality at the same time as his competitors, he is in many cases prevented from doing so by a system of "barring," that is, his competitor has an arrangement with the renters that no other cinema within a certain area will be allowed to exhibit the film during the same period. This system of "barring" is also in existence between "second run" houses and even in some cases a definite period is insisted on before a film can be shown "second run" in the competitive area.

68. As in the case of the renter, the exhibitor who is in default may make a submission to the Board under Section 23 (2) of the Act that non-compliance was due to reasons beyond his control. Every case where the Board contemplate the refusal of such a certificate is referred to the Advisory Committee. A number of certificates are, in fact, granted every year.

69. It may be added that under Section 32 (2) of the Act, "where compliance on the part of a renter or exhibitor with the provisions of the Act as to quota was not commercially practicable by reason of the character of the British films available or the excessive cost of those films, non-compliance with those provisions on that ground shall for the purposes of the Act be treated as due to reasons beyond his control."

VIII.—The Demand for British Films.

70. It is common knowledge that the entertainment value of British films has consistently improved since the Act came into operation and that they are in general demand by the public, especially since the introduction of sound. The tables in paragraph 59 show the extent to which the exhibitors as a whole have exceeded their statutory obligations in the exhibition of British films. The object of the exhibitor is, of course, to give the public the type of films which it wants and the fact that the statutory quota has been exceeded over each of the last four years is in itself a proof of public demand.

71. Further light on the demand for British films is shown by the following Table "K". This Table shows the particulars, taken from the renters' statutory returns, of the range of bookings of long films acquired by renters in the years 1932-33 and 1933-34. Comparable figures for 1934-35 will not be available until the supplementary returns from renters due on 1st May, 1936, have been received and collated.

Table K.

Range in Days.	British Films.				Foreign Films.			
	1932–3.		1933–4.		1932–3.		1933–4.	
	No.	Per cent.	No.	Per cent.	No.	Per cent.	No.	Per cent.
1 to 2,000	50	31·6	60	32·1	104	21·8	101	20·8
3,000 to 5,000 ...	75	47·4	82	43·8	340	71·4	341	70·3
5,001 and upwards ...	34	21·0	45	24·1	32	6·8	43	8·9
Total	159		187		476		485	

72. The Table shows that the number of British films which are booked for 5,001 days and upwards was in excess of the number of foreign films so booked in each of the years 1932-33 and 1933-34. This comparison is even more striking when it is remembered that the number of foreign long films registered is between two and three times as great as the number of British long films registered. It must, of course, be remembered that a large number of films in the higher range of bookings are those made by the British producers who have affiliated renting and exhibiting organisations and also that there is a certain demand for the good British films for quota purposes.

73. It will be observed that in the category of the lowest range of bookings (1 to 2,000 days) there is a larger percentage of British films than of foreign films. The British films falling within this class include a large number of films acquired by the foreign-controlled renters in order to meet their obligations under the Act. It is a constant complaint of exhibitors that a large proportion of the films acquired by these renters are of poor quality and that they do not offer a satisfactory booking proposition in the case of most cinemas. It is around this question of the quality of " quota " films that the chief controversy regarding the operation of the Act has arisen.

74. The quality of British films may be examined from another aspect. Reference has already been made in paragraph 51 to the markings assigned to films by the Cinematograph Exhibitors' Association Review. The Board of Trade have no means of judging whether the standard of marking is constant throughout a year or between one year and another, and in the case of particular films the markings may perhaps be open to criticism. It may perhaps be assumed, however, that throughout the range they represent fairly accurate marking from the exhibitors' point of view. The scale of markings has already been described in the footnote to paragraph 51.

75. The following Table " L " shows in summary form the markings assigned by the Review to British films in the quota year 1932-33 and also in the calendar years 1934 and 1935. In the Table a comparison is made between the British films registered by British renters and those registered by foreign-controlled renters. Full details of the markings of the films acquired by the different companies are given in Appendix VI.

TABLE L.

Scale of Markings.	Quota year 1st April, 1932 to 31st March, 1933.		Calendar Year 1st January to 31st December, 1934.		Calendar Year 1st January to 31st December, 1935.	
British Renters.	No. of films.	Per cent.	No. of films.	Per cent.	No. of films.	Per cent.
Under 7	7	9	7	9	2	2
7 to 7¼	5	7	3	4	6	7
7½ to 7¾	5	7	16	21	22	26
8 to 8½	38	51	41	54	52	60
8¾ and over ...	19	26	9	12	4	5
Total ...	74	100	76	100	86	100
U.S. Controlled Renters.						
Under 7	9	11	33	31	33	34
7 to 7¼	16	20	32	29	29	30
7½ to 7¾	18	23	29	27	19	20
8 to 8½	33	42	12	11	14	14
8¾ and over ...	3	4	2	2	2	2
Total	79	100	108	100	97	100

76. Taking a marking of eight and above as the criterion of a good film, it will be seen that in the calendar year 1935, 56 out of 86 films registered by British renters, as compared with only 16 out of 97 registered by foreign-controlled renters, fell within this category. Whether or not in consequence of some variation in the standard of marking, the proportion of British films falling within this class has tended to fall on a comparison of the three periods; but the fall has been considerably greater in the case of the foreign-controlled renters than in the case of the British renters.

77. Since the exhibitors' quota has increased to 15 and 20 per cent. the Board of Trade have received complaints from the exhibitors that they are unable to obtain sufficient British pictures of good quality and that in order to meet their obligations under the Act they are forced to book British films of inferior quality and consequently with low earning capacity. The films registered in the year 1935 represent more or less those available to exhibitors during the quota year 1st October, 1935, to 30th September, 1936. Again on the assumption that a marking of eight and above represents a good film, it will be seen that the number of such films available to exhibitors was 72. Where an exhibitor shows two feature films in his programme and changes his programme once a week he requires, with a quota of 20 per cent., some 25 British long films after making some allowance to cover his deficiency in quota on foreign short films. Where the independent exhibitor is in competition with one or both of the producer-renter-exhibitor circuits he has no opportunity of booking their films " first run " and his choice is therefore somewhat restricted, especially when allowance is made for the competition of smaller circuits or with other independents and for films which, although of good quality, do not suit particular localities. Too much stress should perhaps not be laid on these calculations, especially as some of the films marked 7½ and 7¾ may be specially suitable for particular parts of the country.

78. It is clear, however, that the tendency of the foreign-controlled renters has been to acquire cheaply produced British films in order to meet their obligations under the Act. Cost is, of course, not the only or even the best criterion of quality, but it is probably true that a good film cannot be produced for the amount of money these renters are prepared to pay.

79. The necessity for some quality test for British films was mentioned during the course of the Debates in the House on the Bill and many representations have been received by the Board of Trade on the subject since. In general, all these representations have the same basis, namely, that a film should have cost a certain amount of money in order to qualify for registration as British. It is generally admitted, as mentioned above, that cost is not the best criterion of quality, but it is argued that it is the only method administratively possible. Proposals on these lines were made in 1929 to the Board of Trade by a joint deputation from the Federation of British Industries and the Cinematograph Exhibitors' Association and were repeated in 1931 by a joint deputation from the Federation of British Industries and the Trade Union Congress. These proposals are discussed in the report of the Cinematograph Films Advisory Committee made in October, 1935, which is before the Committee.

IX.—The Export Market.

80. Since the Cinematograph Films Act, 1927, was passed in this country legislation on somewhat similar lines has been introduced in various parts of the Empire. A summary of this legislation is given in Appendix VII. It will be seen that in *New Zealand, Southern Rhodesia* and *certain Colonies* the object of the legislation has been to increase the exhibition of British films.

81. In *New South Wales* and *Victoria*, however, the recent legislation has taken a different trend and its main object is to assist the promotion of film production in Australia. It is anticipated that this legislation may have repercussions on film production in the United Kingdom. Under the legislation renters in business in Australia are under an obligation to acquire a certain proportion of Australian films against their foreign films though not against their British (other than Australian) films. Films made for this purpose in Australia, provided that they comply with the requirements of the Cinematograph Films Act, 1927, can also count for quota purposes in this country, and it is therefore to be expected that a certain number of films which would otherwise be made in this country for quota purposes will henceforth be made in Australia so as to satisfy both quotas at once. Objection has been taken to this legislation by the film producers in the United Kingdom on the ground that it does not provide reciprocal treatment, but presumably it was felt that if British (other than Australian) films were entitled to count for quota purposes in Australia in the same way as Australian films can count in the United Kingdom the object behind the Act was not likely to be achieved.

So far as exhibitors are concerned, the situation varies in the two States. In New South Wales exhibitors have to provide a certain proportion of Australian films against all the films including British (other than Australian) which they exhibit, whereas in Victoria the obligation only applies in respect of foreign films exhibited.

82. Australia has hitherto provided the best market for British films outside the United Kingdom and so far as can be judged such films are increasing in popularity.

83. In *Canada*, where, as in the case of Australia, films are a matter for the separate Provinces, legislation imposing quotas has been passed in two provinces, but has not been put into operation. The progress of British films has been slower in Canada than in Australia, presumably owing to the hold which United States interests have over the Canadian cinemas.

84. There is no quota legislation in *South Africa*, the *Irish Free State* or *India*.

85. *Colonies and Mandated Territories.*—The position here requires more lengthy explanation. In March, 1929, the Secretary of State for the Colonies appointed the Colonial Films Committee "to examine the arrangements existing for the supply . . . . of cinematograph films for public exhibition in the Colonies, Protectorates and Mandated Territories, and to consider in what way these arrangements could be improved, with special reference to . . . . the desirability, on political as well as economic grounds, of encouraging the exhibition of British films."

86. One of the recommendations made in the report of the Committee (Cmd. 3630) in July, 1930, was that an organisation should be set up in this country, independent of but working in close co-operation with the Government Departments concerned, to undertake the distribution of British films throughout the Colonial Empire. The Committee also recommended that this organisation, when established, should have the assistance of an advisory Committee nominated by the Government to assist in the selection of suitable films for exhibition in the Colonies and to advise generally on questions relating to the distribution of such films. It was not intended that this Committee should in any way replace the local censorship authorities who would still retain the responsibility for deciding what films could properly be shown in each of the territories concerned.

87. With a view to assisting in the establishment of this organisation, a number of Colonial Governments, at the request of the Secretary of State for the Colonies, and in accordance with a recommendation made by the Colonial Films Committee, undertook to guarantee the Company formed for the purpose against loss in its total transactions in the first year up to £1,000.

88. In order to give effect to the recommendations made by the Colonial Films Committee, the Film Producers' Group of the Federation of British Industries formed in October, 1931, the British United Film Producers Company Limited, to undertake the distribution of British films throughout the Colonial Empire. This Company had on its Board of Directors representatives of some of the principal film producing companies in Great Britain. At the same time the Secretary of State nominated as members of the Advisory Committee to assist the Company in the selection of suitable films, two ex-Colonial Governors, the technical adviser to His Majesty's Government on Cinematography, and a representative of the Department of Overseas Trade.

89. The Company undertook the distribution of British films through local agents in the Colonies, and Colonial Governments were requested by the Secretary of State to afford to the Company and its agents such assistance as could properly be given. The Company shipped large consignments of British films to the West Indies and to West Africa.

90. Generally speaking, the Company were only able to cover those Colonial territories which were not already adequately served by existing arrangements for distribution; and as such arrangements increased in scope in the Colonial Empire, so the facilities for distribution of the new company diminished. There was no clause in its articles of association making it obligatory on the part of member firms to utilise its services. In consequence the character of the Board and shareholders changed in 1933 and 1934, so that by the end of the latter year the company had come under both the financial and directing control of the Gaumont-British Picture Corporation, Ltd.

91. Quota legislation exists in certain *West Indian Colonies* and in *British Guiana* and has been considered in connection with other parts of the Colonial Empire, but before any steps can be taken the Colonial Office and the Colonial Governments concerned require to be assured that an adequate and regular supply of British films can be made available for exhibition in the territories concerned. It may be mentioned that the enactment of such legislation is not possible in the majority of the African Colonies owing to international treaties.

92. The revenue derived by United Kingdom producers from Dominion and Colonial sources is not substantial except in the case of Australia, but it is obviously necessary for the purposes of British prestige that good British films should be exhibited not only in the Empire but elsewhere in the world as widely as possible.

93. The budget of production costs of a film must obviously depend upon the market which is to be anticipated. In the case of a film produced in this country the main market at present is the United Kingdom, and producers can estimate with some degree of certainty the revenue to be expected from a particular type of film, provided it is well made, and can plan its production accordingly. There are, however, limits to the revenue which can be expected from the United Kingdom and this consequently sets an upper limit beyond which producers cannot afford to go unless they have some assurance of a market outside the United Kingdom. The exhibition of British films in the Dominions and Colonies assists in this respect, but it is often stated that the production industry in this country cannot take the next big step forward unless it can be certain of finding a market in foreign countries, particularly the United States. A certain amount of progress in this respect has been made in the last few years. The Gaumont-British Picture Corporation have started their own renting organisation in the United States and arrangements are understood to exist which ensure the release to exhibitors in the United States of films of other British producers.

94. There is no restrictive legislation in the United States. Various Continental Governments have, however, taken steps to encourage the production of films in their own territories and a summary of the measures at present in force is given in Appendix VII. In general there is a tendency to regulate the exhibition of foreign films by quotas on imports; in some cases the local industry is assisted by loans and subsidies, while some countries require the " dubbing " of imported films, i.e., the re-making of the sound track in the language of the country concerned, to be carried out locally.

X.—The Question of Sub-Standard Films.

95. The standard film used in the ordinary cinema is of a width of 35 mm. There are, however, other sub-standard films of widths of 16 mm. and 9 mm., which are largely used for educational, scientific and similar purposes and in home cinemas. Cases have arisen recently, however, where sub-standard films (usually reproductions of 35 mm. films which have been registered under the Act) have been exhibited to the general public. The application of the Act to exhibitions of sub-standard films raises some awkward problems. For instance, the line between long and short films is drawn in the Act at 3,000 feet and this was clearly based on the 35 mm. film. The distinction on this basis has, however, little meaning in the case of 16 mm. and 9 mm. films. So far as the Board of Trade are aware, however, the exhibitions of sub-standard films of a registrable character to the public have only taken place in a few cases, but as such exhibitions may increase in number their place in any legislation appears to require consideration.

1. (*Chairman*): Mr. Fennelly has given us a very excellent summary of the position. It was mentioned last week that we should be glad of an outline of the objects of national film policy. That is not covered by this evidence and perhaps Mr. Fennelly would in that respect supplement what he has given us. He will remember that Sir Arnold Wilson asked whether there was any change in the attitude of the Government on this matter. Mr. Fennelly said that the conditions were the same and that he would be able to give us an outline of what objects we should set before us to advise the Government how to achieve a satisfactory film policy. Could he tell us what was laid down when the Act was passed?—The beginning of the memorandum shortly summarises the position, I think, but possibly the best way of dealing with that question is to read to you some extracts from the speech of the President of the Board of Trade on Second Reading, when the Bill came up in 1927. The extracts are not very long. He started off by saying:—

> " I think the importance of securing greater production and wider distribution of British films is generally recognised throughout the country. The necessity was enforced in the strongest language by the Imperial Conference last Autumn " . . . .

He then went on to recite the Resolution which you have in the document before you, stressing the importance from an Empire point of view of British films being as widely shown as possible. He said:—

> " I believe that that Resolution expresses a sentiment which is prevalent in the House and the country and throughout the Empire. It is based on a realisation that the cinema is to-day the most universal means through which national ideas and national atmosphere can be spread, and, even if those be intangible things, surely they are among the most important influences in civilisation. Everybody will admit that the strongest bonds of Empire—outside, of course, the strongest of all, the Crown—are just those intangible bonds—a common outlook, the same ideas, and the same ideals which we all share and which are expressed in a common language and a common literature ". . . .
>
> " To-day films are shown to millions of people throughout the Empire and must unconsciously influence the ideas and outlook of British peoples of all races. But only a fraction, something like 5 per cent., of the films which are at present shown in the British Empire are of British origin. That, as I submit and as the Imperial Conference held, is a position which is intolerable if we can do anything effective to remedy it ".

That deals with the national aspect. He then went on to deal with the trade aspect of the cinema and to stress the importance of the cinema from the advertising point of view on our trade abroad.

2. I do not think you need read it in detail if you mention the points that we have to bear in mind as being cultural?—With regard to the trade aspect, he drew attention to the importance which the United States of America attached to the film as a means of attracting trade, and made a reference to some evidence given before an American Committee by the man in charge of the cinema section of the Department of Commerce, in which he said he had been shipwrecked on the coast of Peru and went ashore to be re-outfitted, and found that in the shops there were no longer British articles; but that American articles had taken their place. On making inquiries he found that a great deal of that change was due to the fact that the people were constantly seeing American films. It was a direct consequence of American films being exhibited. The President then quoted statements made by the Trade Commissioners in Canada and New Zealand. Canada says, for instance:—

> " The cinema film has also operated against British trade. The production, distribution and exhibition of films in Canada is almost entirely controlled by foreign interests. The effect of the

> constant exhibition of foreign films on the sentiment, habits and thought of the people is obvious. The pictures show the foreign flag, styles, standards, habits, advertisements, etc."

The President went on to say:—

> " If that be at all true of the importance of this matter from a trade point of view, I submit that the need for the development of the British film, from a national point of view and from a trade point of view, is firmly established; and if it cannot be developed without Government intervention then, I submit, the case for Government intervention is made out."

He then dealt with the various parts of the Bill before the House, and concluded by saying:—

> " You cannot treat the film industry as if it were an isolated industry or trade, the activities and the success or failure of which affect only those who are engaged in it. On the success or failure of the British film industry much more depends than its own future. It inevitably involves great interests, national and Imperial, and the anxiety which was expressed at the Imperial Conference, and the determination which was registered there to remedy an intolerable position, are shared, I believe, by the majority of British people throughout the whole Empire. That determination must be translated into action, and I commend this Bill to the House as the only constructive proposal which has yet been put forward to achieve that end."

I think that that remains true to this day; the Government attach enormous importance to the film industry both from a cultural and trade point of view.

3. Have you seen any great increase of export of films to foreign countries concurrently with the improvement of our films?—There has been an increase, but the extent is difficult to judge. Trade statistics are not of much use; they show only lengths (and value) of film exported, and it may be fifty copies of one film, or one copy of fifty films, we cannot tell at all. In Europe at all events, the market is expanding, probably slowly, but it is expanding. Most European countries in recent years have adopted some sort of restrictive legislation, quotas and what not, not exactly like ours, but usually quotas on imports, in order to build up their own national industry. That must to some extent act as a deterrent to any increase in trade especially as the Americans are there first.

4. Is there generally an import duty in addition to a quota requirement?—That I could not say.

5. In our case is there an import duty as well?—Oh, yes.

6. On the made film?—Yes, a duty that varies according to whether the film is a positive or negative. There are certain exceptions, like educational films and scientific films.

7. The inducement is to bring in the negative and make the positive here?—That is the tendency, yes. One other point about the European and any foreign market is that nowadays when you have sound the producer is put to a certain expense in what he calls dubbing his picture. He has to put titles across it in the language of the country where it is being shown, or in some cases obtain local speakers speaking the local language and impose their voices on the original film. There are two ways of doing it.

8. You can suggest no evidence to us to show there are useful experiments which we can copy from abroad?—I will put in a memorandum of all the information we have of what is happening in foreign countries.*

9. There is only one other matter of importance I want to ask you. Probably the members of the Committee know more about films than I do and may think the question rather elementary. Reading your paper it does not seem evident that the renters' quota has very much effect. I do not know whether when they passed the Act they imagined that the renters' quota would be the controlling factor, or the exhibitors' quota, but it seems that the renter by having this quota, which is really only an obligation to offer films, not a compulsion to sell them, has rather been encouraged to market bad films, and to force them on a reluctant public, and it would seem to me that the method which has proved effective is the exhibitors' quota. Is the renters' quota working in the way you anticipated when you brought it in? Did you think it was going to be effective and that the renter would be able to market all his films?—To go back, I believe when the Bill was being discussed they did think of imposing a quota on the renter by himself and also of imposing one on the exhibitor by himself. I think the conclusion was that if a quota were imposed on the renter only he would have a lot of films on his hands, and not necessarily a market for them unless there were a corresponding obligation imposed on the exhibitor; whereas if an obligation were imposed on the exhibitor only, to show a certain proportion of British films, unless there were some assured supply of films, in the long run he would have been forced to make films himself. That is carrying it to extremes.

10. The position is very different now. There is a surplus, and the supply and demand would appear to have obviated that difficulty?—When the renters' quota was arranged it was laid down in the Act that a renter had to acquire a certain proportion of British films for the purposes of booking. I have the exact words of the Act:—

> " shall acquire for the purpose of renting to exhibitors a certain proportion of British films."

At that time it was felt that that provision would operate sufficiently to make the renter produce good films that he could book. Later that rather broke down because the foreign-controlled renters were in general not prepared to spend money to any extent to make good films.

11. There is no restriction as to the age of the film. The exhibitor can take an old film and show it again?—Yes.

12. As the renters' quota is now working do you see that it achieves any purpose? Does it get anything which you would not get by having an effective exhibitors' quota?—I think the exhibitors would be very unhappy if there were not a corresponding provision imposed on the renters to offer them British films for booking.

13. Can you tell me how you are able to apply your seventy-five per cent. qualification to Empire films? How are you able to ascertain the expenditure on films outside your own administration?—All these details of expenditure have to be certified by an incorporated accountant, and when we get a form in from Australia or Canada, if we do not know the man we make inquiries at the office of the High Commissioner where they usually have all the reference books necessary. In the long run you have to trust the accountant.

14. You mentioned there is difficulty in certain cases in finding out how much is paid for the services of assistants?—Yes.

15. Does not that apply far more intensely outside your administration?—That particular trouble does not apply in Australia. It has only arisen over here where firms borrow stars from one another.

16. If the Committee found a case for putting on a cost qualification of films to rank for quota, could that be administered outside our own area?—Personally I have always thought that was one of the difficulties of a cost qualification, apart from the objection which the Dominions and Colonies might take to it, which is another point altogether.

17. Generally speaking, are the quickies short films or long films?—Do you mean over three thousand feet?

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* Appendix VII.

18. Yes?—They are practically all over three thousand feet; it is very seldom they buy any films below three thousand.

19. The drop in the exhibition of short films is therefore nothing to do with the bad qualities of the quickies, it is simply due to a change in the arrangement of programmes. The statutory requirements which you give us in Appendix I have been found ineffective in several respects according to your evidence. Do you think that there is a case for getting some change about the restriction. The kind of case which occurs to one is when there is a scene in Tahiti; it must be of enormous cost to British film producers to take people specially out there. All the wages they have to pay to the Tahitian natives would have to be excluded from the seventy-five per cent.?—There have been proposals that the seventy-five per cent. requirement should be dispensed with altogether. We have not heard much about that lately, but in the early days of the Act it was the subject of representations to the Board of Trade on more than one occasion, the producers holding if they had to employ such a large proportion of British artists and technicians they could not make films for the world market. In other words they were prevented from employing the best talent the world could produce. There is a tendency for films to be partly re-made here and foreign material to be incorporated, and the Act says they are not British films for quota purposes. We ourselves recognise that cannot be pushed too far, and in practice we apply the *de minimis* principle, and if a man introduces a small amount of foreign material for the purpose of getting foreign atmosphere we disregard it.

20. You do not apply this?—Rigidly, no. In a case which went to the High Court the Judge himself said "substantially in its entirety," which I think implies *de minimis*.

21. The provision that the author of the scenario must be a British subject has broken down too. How do you administer that?—Nowadays there are so many people engaged. There are the continuity writers and the treatment writers, and it is difficult to know who is the scenario writer under the Act.

22. (*Mr. J. S. Holmes*): I would like to follow up what the Chairman has said with regard to renters' quota. The necessity for putting the quota on the renters as well as exhibitors was that the exhibitors would not have been able to get British films and would have had to have made them themselves?—Yes.

23. That does not occur at the present time, and I am wondering whether if we abolished the renters' quota it will not have this effect, that the renters who were attached to the foreign makers of films would probably give up troubling about the rental of any film but their own and new firms would arise in this country who would devote themselves to the supplying to exhibitors of British films only. They would therefore take far more interest in British films, and would probably exercise a good influence on the makers of British films in seeing their quality was improved and only those that were good were likely to obtain contracts from the exhibitors?—I think it is perfectly certain if there was no quota obligation on the foreign-controlled renter he would make no films in this country. That is not his business. Whether you would get a sufficient supply, on the assumption the exhibitors' quota remained at its present level, to satisfy them I doubt. Most of the production of the foreign-controlled renters are not good films, in the sense that the exhibitor does not want to show them if he can possibly avoid it. Therefore there is a very large market for good British films, but the exhibitors say there are not sufficient good British films produced to satisfy their requirements disregarding the renters' quota altogether.

24. (*Sir Arnold Wilson*): Will Mr. Fennelly be good enough to add, as an appendix to his evidence, the full text of the President of the Board of Trade's speech on the Second Reading? It would certainly be of assistance to us.* Secondly, will he add, as an appendix,(*a*) details of import duties so that we may have that on record? Thirdly, much has happened technically since 1927. The President of the Board of Trade referred to a "common language." He was anticipating events, for sound films had not been invented in 1927. Can Mr. Fennelly say to what extent the administration of the Act has been made more or less difficult by the advent of the sound film?—It has made extraordinarily little difference in practice.

25. Did it on the whole encourage British films?—That, I think, is undoubtedly true. It is really to my mind a moot point whether after 1929, when the sound film came in, the Act itself, or the English voice had the greater effect on the growth of British film production, and it is a point on which trade opinion might be asked. I have always thought it was a point that wanted investigation. The British public do like the sound of British voices, there is no doubt about that.

26. One of the main difficulties of the Board of Trade in administering the Act is to interpret Section 27 of the Act, *i.e.*, to decide to what films the Act applies and whether certain films have special exhibition value? Can Mr. Fennelly tell us whether "Felix the Cat" and "Mickey Mouse" had been invented in 1927?—I think "Felix the Cat" was in existence, but not "Mickey Mouse." There certainly were the beginnings of cartoon films even in those early days.

27. I should have thought myself, Mr. Chairman, that such films ought to be excluded from the Act. They do not deal with news or current events; they are mechanically made and have a universal appeal. They are not "cultural." No sentence of the President of the Board of Trade's speech can conceivably refer to "Felix the Cat." Does Mr. Fennelly think that they should be excluded from the Act in future?—Speaking offhand I should have thought not. The Act was intended to apply to what are commonly called entertainment films, the films normally shown in the cinema, and these are probably the most widely shown apart from news reels. They are produced by mechanical means, but I should think they have helped very largely in the technical development of the industry, especially more recently on the colour side, and no doubt in photography. I am not a technician, but I should have imagined so.

28. If they were to be excluded from the Quota Act would it not facilitate their export?—From this country?

29. From this country. Are we not hampered in our dealings with foreign countries by the application of the quota? Has it not led to retaliation?—Do you mean foreign retaliation?

30. Yes?—We have not seen any signs of it. Of course, it has been very difficult not only for the British cartoon film, but also for the long ordinary feature film, to break into the American market, but I do not know that has been due to the United States taking objection to our quota law. I think it is a question of getting into the market, as with most other trades, and selling your product on its merits, and the position seems to be improving rapidly there now. Some of the more recent British films are said to have obtained extraordinarily good bookings in the United States of America.

31. Paragraph 44 of Mr. Fennelly's memorandum says:—

> "The Board of Trade are not in a position to estimate either the capital invested in the production side of the industry or the cost of British films."

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* Not re-printed. (Official Report 16th March, 1927, Columns 2037–2048.)

(*a*) Appendix VIII.

That should be covered to some extent by the census of production?—Yes, the cinema industry has not been covered by any census of production so far taken, and the question of doing so has not at present been considered. I have put it to our Statistical Department and they see no objection at all to it being done. The earliest it could now be done is in 1937 in connection with the census taken under the Import Duties Act.

32. It is a recommendation that might properly come from this Committee?—I think the Board of Trade might be prepared to accept that. The cinematograph printing trade is included, but that is rather a different side.

33. The Orders in Council were issued in 1936?—There are two forms of census at present, the quinquennial census and also an annual census taken under the Import Duties Act, and a section of the Finance Act, 1933, which extended that enquiry to goods covered by duties other than those under the Import Duties Act. It is not so wide in its scope as the quinquennial census.

34. We can consider that at leisure?—The forms are going out to all the industries now.

35. (*Chairman*): There is no urgency about the quinquennial?—The next one will not be until 1940, I presume.

36. The forms have gone out?—For the 1935 one.

37. (*Sir Arnold Wilson*): It is too late for the Board of Trade to do it now?—I gather it is.

38. (*Chairman*): The same forms do not go out to everybody, I mean the same details are not applicable to all industries. Would it be possible?—I will inquire, there may just be time, I do not know.

39. (*Sir Arnold Wilson*): I would be satisfied with a census under the Import Duties Act. Has the Board of Trade any data as to the production and export of cinema films in the United Kingdom?—By production do you mean production of all films?

40. Of all films not under quota?—We have no figures at all of total production. The only figures we have are of the ones that are registered and it is safe to assume they represent a very high proportion of the total. On the export side, the export figures of films are very difficult. You do not export your original production, but a copy of it and the trade figures themselves are useless for the purpose of deciding how much trade is going on in them. Mr. Rowson made some remarks on the subject in the paper read to the Royal Statistical Society and suggested that the form of the trade statistics relating to films might be altered altogether and put on an entirely new basis. That will be taken into consideration when the time comes for revising the trade statistics.

41. I noted particularly that suggestion of Mr. Rowson's; would you regard it as a proper recommendation that might come from this Committee?—I think so.

42. I think unquestionably it would have greater weight coming from this Committee, and it would make it possible for the Board of Trade to keep a closer eye upon the operation of the Act than they can at present?—It would enable us to see what is happening abroad, I think.

43. Can you add to your evidence a statement showing the number of persons engaged in the various capacities as film producers, and in connection with film production?—I will put in a statement,(*b*) but I can give some figures now.

44. Can we have the rough figures?—The latest official information is in the 1931 Census. The occupation tables show 454 persons employed as film producers in film studios in England and Wales, and one in Scotland, making 455. The occupation tables do not show separately electricians, &c. employed in film studios, they are all classed under their occupation and not their actual employment. The industry tables show that nearly 6,000 persons are employed in film producing and film studios, of which 4,000 are males and 2,000 are females. The operative employees were 5,500.

45. (*Chairman*): What is the date of these figures?—This is the 1931 Census of Population.

46. (*Sir Arnold Wilson*): That is after four years of the Act, that is a net gain to industry?—Not net, I think, because there was a certain amount of employment before.

47. Has there been a further increase since then?—I have no doubt that the number employed in the industry has increased since, because of the growth of new studios and larger output of films. The National Association of Theatrical Employees, if they give evidence, and possibly the Association of Cine-Technicians, could perhaps give information.

48. (*Mr. Stanley Holmes*): I should not think the 1931 figures are of any value.

49. (*Sir Arnold Wilson*): Has the Ministry of Labour any information as to wages and hours and conditions of labour in the film-producing industry?—The Board of Trade has no information. I understand the Ministry of Labour have none either.

50. Is there a special Board dealing with employment in the cinematograph industry as, for example, there is in the insurance industry?—I have never heard of such.

51. I have only one more point. I can find no statement in your admirable report of the number of British films registered annually, firstly, as having special exhibition value?—I must apologise for omitting those figures. I have them here. Shall I put them in as an appendix?(*c*)

52. If we can hear them roughly, you can put them in later?—This is proviso (i). Since the Act came into force we have registered 14 long films and 53 short films on the ground of their special exhibition value.

53. Special exhibition value was described by the President of the Board of Trade as "box office value"?—Yes.

54. Do you consider that in view of their ten years' experience the Board of Trade considers that to be the last word?—I would not like to say it was the last word, but I think that the trade would continue to take that view nevertheless. I think some regard ought to be paid to the cultural aspect, but I think too much regard can be paid to that aspect. It is rather astonishing to find how few short films are actually exhibited. The table in paragraph 59 of my memorandum shows that the proportion of short films exhibited is tending downwards now. It did go up, and now it is going down. It dropped from 6·28 per cent. to 4·21 per cent. in the last year and that at a time when there was an increased amount of short subjects available, because we have been registering far more films for exhibitors' quota only in the last year or two than we ever did before, namely 56 short subjects in 1934-35, and 46 in 1935-36. That is in addition to four long films in the two years.

55. Have you reason to think registrations have in fact been excessive? Has the experience of the trade suggested you have registered too many? For exhibitors' quota?

56. Yes?—The films are entitled to exhibitors' quota as of right.

57. Have too many been registered?—Not judging by the showing of films. One would assume offhand there have not been enough registered. It is difficult to know why the exhibitions have fallen so rapidly, unless the ordinary cinema public or the proprietors do not care about them, or unless under the two-feature programme there is no room left for the short feature.

58. Is not that fact the more probable explanation?—Yes, I think it is. The average exhibitor does not care about short exhibits. He concentrates on the long film.

59. If I may go back to exhibition value, the President of the Board of Trade weakens the effect

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(*b*) Appendix IX.

(*c*) Appendix X.

of the Act in his reference to linguistic and cultural value by going on to box office value in the second reading. Are the Board of Trade satisfied with the operation of the Advisory Committee to whom this question of "special exhibition value" is referred? would they be prepared to consider an independent tribunal of qualified persons to decide this issue? Would such a tribunal not be preferable to the present rather unwieldy Advisory Committee who in point of fact have often not seen the film?—It is rather a large question. In the first place it is asking the Board of Trade, so to speak, to throw over the present Advisory Committee and say they are not satisfied with the way they have assisted them so far.

60. Only in respect of special exhibition value?—It is a thing I should rather like to think about, and I would not like to commit myself at the moment.

61. You are not required by Statute to refer the question of exhibition value to the Advisory Committee at all?—I agree, but as inexpert civil servants we go to an expert Committee for advice.

62. There is nothing in the Act which would prevent you setting up another body to advise you in regard to special exhibition value?—Nothing at all.

63. Thank you, Sir. That concludes my observations?—If I might make a remark on what you were saying, Sir Arnold Wilson; all the films you are talking about, put up for special exhibition value, are in most cases entitled as of right to registration for exhibitors' quota, that is any exhibitor who shows them can count them against his foreign films. The application for registration on the ground of special exhibition value is made in many cases because the film obtains full quota and the maker can sell it to a renter for more money than if it has exhibitors' quota only. That is the whole secret. The renter can count it against his foreign films, and it is much easier for him, when he has not sufficient short British films to meet his quota, to acquire extra long British films to cover the deficiency. If I may add a further word on this documentary type of film. You will no doubt see when the Associated Realist Film Producers give evidence, that the difficulty about the short documentary film is that when it is produced and a fair amount of money spent on it the principal market seems to be the foreign-controlled renter.

64. (*Mr. Cameron*): Is that why it has been suggested that the renters' quota as distinct from the exhibitors' quota should be substantially increased? It is the opposite point to the one that the renters' quota should be abandoned. I have seen it suggested there should be a considerable increase in the renters' quota?—The idea behind that theory is that there are far too many bad British films about and the area from which the exhibitor can choose in the ordinary way is restricted. It is argued that competition will raise the standard of output and if you make it much higher the renters will fall over one another to make good films, because their market becomes restricted. The proposal comes from the exhibitors' side of the trade.

65. There is only one other point that has not been covered, the question of European films coming into this country which are of cultural value and of a kind one wishes to see coming freely. The position was that bodies like the London Film Society, were unable to get any renter to take on its quota a foreign film that would only be shown two or three times and so used to import them without a renters' quota. The Board of Trade allowed them to do it, and the film came to England and went straight back again after being shown, say, at the London Film Society. It was thus not available for distribution among a good many repertory cinemas and film societies where it would not have been in competition with British pictures and might have done a good deal of good. I do not know to what extent that is the position now?—We have always recognised that the Film Society deals in the rather specialised films from abroad, and is in a special position. They pass on a number of films to other renters in this country who let them out to repertory theatres and places like Studio One. Whether the numbers are growing I am not sure.

66. (*Chairman*): Is the Film Society a public body? It is a question of renting, is it not?—The Film Society are renters.

67. They short-circuit and it does not go through a renter?

68. (*Mr. Cameron*): That is what I understand is the position, the London Film Society show, for example, "A day of great adventure," and the Board of Trade trusting the Society and knowing it is a benevolent body takes no action. That is the position?—When they show at their own meeting there is no exhibition to the public; but occasionally they rent a film of this specialised type; they register the film and act as renters themselves. They may at times have been in default, but in view of the special circumstances we have not felt it necessary to take action under the Act.

69. But actually for that film to come in it ought to have appeared on a renters' quota before being shown to the Film Society?—Not before being shown by the Film Society, because that is not an exhibition to the public.

70. So it need not appear in a renters' quota?—No, it need not appear in a renters' quota. In 1935-6 there were forty-three foreign films registered other than U.S.A. films, including fifteen from Germany, five from Austria, thirteen from France, and five from Russia.

71. I have raised this point because I think that for the circulation of foreign films of genuine but limited entertainment value it should not depend on the Board of Trade exercising discretion not contemplated under the Act?—I agree that the Act does tend to impede the exhibition of these foreign films for the reason that a renter knowing he is going to get very few bookings for them, because they appeal to a very small clientele, does not want to go to the cost of acquiring a British quota against them.

72. (*Sir Arnold Wilson*): The Committee is doubtless aware there has been a great increase in the last two years of German films shown in France, which is an astonishing fact due to the skill of the Germans in getting French actors to go to Berlin in order to take star parts in films made in Berlin which are thereupon shown in Germany and equally freely in France?—Yes.

73. (*Sir Arnold Wilson*): There is that aspect as well.

74. (*Mr. Cameron*): I quite realise you have got to be careful. It is not a means of introducing any films that are undesirable in any way, but I think it is a point that the Committee should consider, whether it cannot safeguard the distribution of foreign cultural films somehow by amending the Act. Has Mr. Fennelly in mind any suggestion as to how that position might be improved without opening the door to abuse?—I should like to be convinced it does not work satisfactorily now. I think if the Film Society were asked they would say that they had not suffered any harm. The real snag is that some renter has got to have this film sooner or later if it has got to be shown to the general public, and the average renter will not take this film because he has got to produce British quota against it. That is perhaps one reason why foreign films are not shown in this country except in special circumstances.

75. That is a thing I am suggesting should be made more possible, not so much for the Film Society but for the repertory theatre that is aiming at catering for an adult audience in a particular locality. I want to see it made more easy for them, but I know it is working better now than it did at one time?—What sometimes happens is that these renters who take this class of film combine together under Section 14 of the Act, and where one renter

has got one or two British films and more quota than he wants he takes under his wing a number of other small renters (I presume for a consideration, but we do not know that), and they all satisfy the quota together.

76. What about a film like "Emil und der Detective" which might have had a big circulation in this country, but which went straight back to the country of origin?—I think if it is a good film, and it is the kind of film that will have a big circulation, it gets it. Take, for instance, that German film, "Mädchen in Uniform," that was brought in by the Film Society. They handed it over to another renter and I believe he did very well out of it, at least it had a large number of bookings.

77. It happened to get written up by the Press; but I do not want to keep the Committee on this point. I have called attention to it. There is one other question I wanted to ask. In paragraph 56 in the last sentence you say:

> "The renters have now set their face against any extension of this practice."

I want to be quite clear what that means. It means, does it, that the renters will now not rent films to a group of companies or theatres unless there is a properly organised circuit which is really one company, is that it?—Unless there is financial control throughout, excepting in the case of some existing booking circuits. I believe they will not do business with any more new booking circuits where there is no financial inter-relation between the companies.

78. There must be a definite financial control of a circuit, that it is a genuine circuit and not a kind of customs union?—Yes. I think you will find that the exhibitors will give some evidence on that subject.

79. Are we to take it as a statistical fact that the two-feature programme is on the increase?—I only judge by what I read in the trade Press, and the general impression I have is that it is on the increase. Of course it starts in the big towns first and I think it is spreading outward.

80. In spite of this new growth of so many documentary films in this country, you still think the use of the two-feature programme, as a fact, is growing?—Yes, I think the public want more for their money, and competition between theatres brings that result. There was a tendency to give a four-hours programme, but the renters put their foot down and they will not rent to anyone who shows a programme of more than three and a quarter hours.

81. (*The Hon. Eleanor Plumer*): Most of the questions I wanted to raise have been put, but there is one point about the exclusion of documentary films. That comes under paragraph 29. Of course, when the Act was passed the documentary film was hardly in existence. It was very much in its infancy, was it not?—Yes.

82. Now, surely is it not a fact, that because they do now cost a good deal to make and there are a very much larger number of them being made, would they not, in their present form, come within the scope of what the Act was designed to promote?—Oh, much more now than they did.

83. There is a good deal more studio work in them, is that not a fact?—I agree, but the trouble is to draw the line between that class of film and the film where a man goes out with a camera and turns a handle.

84. There is a very great difference between that and the documentary film as envisaged by Paul Rotha?—Yes, the introduction of sound makes an enormous difference.

85. There is one other point on paragraph 45, Table C, where you give particulars of British films and particulars of films made outside Britain registered for full quota. Practically all those films were acquired by foreign-controlled renters. I suppose that is because the British companies do not want the imported films—these are Dominion films, are they not?—The real fact is that they are, in general, poor films.

86. That is what I was getting at?—And the foreign renters acquire the United Kingdom rights of those films remarkably cheaply.

87. There has been a very slight increase, though the number was eleven in 1934 and eleven at the present time. It is a fact, is it not, that there is a batch of films made in Canada which has just qualified for quota?—One only, I think.

88. No, I have seen three?—Do you mean feature films?

89. Feature films, yes, and that seems to me to be new?—Yes, there were two in 1935-36. There may be others being made. I think they have started making them in British Columbia.

90. Yes, they have?—But they are not very good films.

91. They are terribly bad, but that seems to be a point which we shall have to look into?—As regards that we might expect an increase from Australia in the near future because of the operation of their quota legislation which makes the exhibitors and the renters in Australia acquire and show a certain proportion of Australian films. It is rather a complicated arrangement, but as those films, as matters stand, can count for quota both here and in Australia, obviously if an American renter is renting films in Australia and has to acquire Australian films he will bring those films over here and register them for quota purposes. To that extent, of course, there will be less films made in this country than one would otherwise have expected. That is the general effect of the Australian Acts.

92. (*Dr. Mallon*): About these American companies, they are not interested in the production of good English films; that we can understand. Would you put it higher than that and say they are interested in the production of bad English films?—No, I would not put that against them.

93. Then there is no reason to suppose that they do desire to go about and secure that the reputation of the English film is lowered?—That has been alleged, but it is difficult, of course, to get any proof of a thing like that. It must be recognised, of course, that United Artists, for instance, do distribute some of the best British films of London Film Productions, Ltd., and one or two other American renters show signs of wanting to make films here, not for quota purposes but for world markets. Fox-Twentieth Century, I believe, are going to make films here. There are other ideas in the air, but, of course, there have always been other ideas in the air ever since the Act started. We are always hearing that American renters are to make good films here. At times some of them have made an effort. They spent a lot of money on them, but they do not seem to be able to produce films to make money.

94. So far as bad British films go about the world the Americans have no responsibility for them?—I have no doubt that they export their poor British films to the Dominions. We have seen that stated, but whether they get many exhibitions out there I do not know. I should imagine not.

95. And so far as they do that, so far as they export British films it is not necessarily with a base intention?—I would not like to say that, no.

96. You think it happens in the ordinary routine of business?—Yes, they are in business to run foreign films and they regard this quota as something to be done as cheaply as possible. It is a matter of business in the long run.

97. Where a British firm secures the booking of a film of the inferior type, does it get fair treatment? It has been alleged, has it not, that in certain cases a film of the kind I have in mind is run off in the morning to almost empty houses?—Oh, yes, that is the tendency in one or two of the West End theatres that are really controlled by a renter. They have to show a certain proportion of British films

and they start showing them early in the morning when the only people on the premises are the charwomen.

98. Whose morals and whose cultural sense will not, one may expect, be very much offended?—Well, I do not expect they have very much time to look at the screen.

99. Supposing there were a practice of that kind, would you regard it as desirable that something should be done to check it?—I think if it could be checked it would be desirable. As I say, as the Act stands, these films are shown in the morning, but they are shown in the normal hours when the theatre is open and anybody who likes to pay can go in and see them.

100. (*Chairman*): It would be easy to show it once in each programme?—Yes, that could be done. The tendency at present is to show these bad films very early in the morning and very late at night.

101. (*Chairman*): Then you could get over it if you said it should be shown four or five times, once in each programme.

102. (*Dr. Mallon*): Where this occurs, does it occur in houses that are controlled by American companies or does it occur in other houses also?—It occurs in some of the West End theatres which are controlled by American companies, and it occurs to a certain extent with other exhibitors who have no objection to British films as such, but through circumstances outside their control cannot get all the good British films they want and they occasionally get a bad British film that they have to show in order to meet their quota. There is undoubtedly a tendency to show it early in the programme before the house fills up. According to the returns made to us, they often show a bad British film four times in a day as compared with three times for the average feature, so I presume they get in the first showing when the theatre opens and before the crowds arrive.

103. Then on the question of documentary films, does that bear, in your view, upon this difficulty of the shortage in the supply of good films? Supposing that documentary films did count for quota, might they be used to an increased extent by the exhibitors for quota purposes?—Well, in a large number of cases, of course, an exhibitor can use them now. They have got exhibitor's quota. On the assumption that they were given a renter's quota, a renter would of course be more inclined to push the sale so as to get some of his money back, but it is always a moot point whether the average cinema-goer is very keen on looking at a large number of documentary films.

104. The documentary film people say they have difficulty in getting a satisfactory verdict on their productions. Is it not a fact that before they can get a Press show they have to have the documentary film booked up by a renter?—No, that is not so. The documentary film can always be shown, and it is shown to the Press and to the trade very often before any question of registration arises. In fact all films are trade shown before they are registered, they have to be trade shown by law before they are registered.

105. I thought the difficulty was on the one hand a Press show might be difficult to arrange if the film had not been taken up by a renter, and on the other that the renter insisted on a quota before taking the film?—Undoubtedly the renter would, if it was a foreign-controlled renter, or even a British renter who wanted the film for quota purposes.

106. You are familiar with this objection, are you not? It has been made, I think, by Mr. Grierson and others. They have alleged the existence of a vicious circle which works in that way, that they cannot get their show unless they get a renter, and they cannot get a renter unless they get the quota?—Yes, it does work that way, but it is possible to break it nevertheless.

107. Well, we shall have them before us to tell us about it?—Yes.

108. I think that is all, thank you?—Might I just add one more word. There is one aspect of the film trade which may assume a certain amount of importance in the future, and that is the question of substandard films. The average film is a 35 mm. film, but there is a growing practice now which members of the Committee will know of, of showing the 16 mm. film for educational purposes. There is also a tendency, which has not grown very far yet, to show the 16 mm. films to the general public in halls and similar places. As far as I know these halls are not subject to the 1909 Act, in that they have to have a licence from the local authority, or anything of that sort. Hitherto in the few cases that have come before us we have rather taken the view that these exhibitions are outside the Act. Undoubtedly when the Act was drafted it was designed to meet the 35 mm. film—length and everything else are based on that assumption—and to apply the Act to the 16 mm. film would be in many respects difficult. We have rather taken the line that we would not apply the Act to the 16 mm. films. That is as matters stand at present, but I think the Board of Trade would be very grateful if the Committee could look at that aspect of the matter and obtain some evidence from the trade as to the extent to which it is prevalent now or likely to grow.

109. (*Sir Arnold Wilson*): Are those the non-flam films?—They are the non-flam films; they are mostly reproductions on the entertainment side of ordinary feature films brought down to 16 mm. and there are a number of travelling cinemas showing these in one place or another. I do not think they have grown to any extent yet, but one is never sure of what may happen in the future.

110. (*Chairman*): They are right outside the Act?—Well, we have not applied the Act to them. I would rather put it that way.

111. (*Sir Arnold Wilson*): Is the interest of the Treasury affected?—They pay entertainment tax, but I am not sure whether the local authorities have any jurisdiction over them under the 1909 Act. There was a test case up in the North of England, but it failed.

112. (*Mr. Cameron*): Is not the point this, that in the Act of 1909 there is no definition of what an inflammable film is, and these are non-flam films? The Home Office endeavoured to prove a non-flam film was inflammable, because it would burn slowly, and the test case was taken and reported. They did not really get a decision, but I understand there is no secret of it, that the Home Office have for a long time been contemplating issuing regulations. I do not know whether Mr. Fennelly knows how far they have got?—I do not know that side of the business, but we are a little concerned about the growth of this 16 mm. entertainment film, and it is extraordinarily difficult to bring it under the Act as it stands at present.

113. Does not consideration of that depend on the action of the Home Office in the first instance?—I should not have thought so, with all respect.

114. I am only asking the question. I thought if they took steps to bring these halls under the jurisdiction of their Act it would imply a greater degree of official relation with shows of that kind and so might involve consideration for quota purposes?—Yes. The two Acts are, of course, quite distinct, and I think our problem is an entirely different one from the problem of the Home Office, which is the safety problem. Ours is the problem whether the Act can be applied to the 16 mm. film. There are all kinds of awkward snags arising once you start to consider these 16 mm. films.

115. (*Chairman*): Is that in addition to your evidence?—I will include it in the memorandum. We are not clear to what extent these films are a problem yet, but we feel it may be one. That is the most we can say.

(*The Witness withdrew.*)

APPENDIX I.

BRITISH FILMS—STATUTORY REQUIREMENTS.

The requirements to be complied with in order that a film may be deemed to be a British film for the purposes of the Act are contained in Sub-Sections (3) and (5) of Section 27. By regulations under Section 29 (1) (*c*) evidence of compliance with these requirements must be furnished on Registration Form C, a copy of which is attached (Appendix II). This form was drawn up in consultation with representatives of the British film industry. They are as follows:—

(1) *The film must have been made by a person who was, at the time the film was made, a British subject or by two or more persons each of whom was a British subject or by a British company.*—A British company is defined as one constituted under the laws of any part of the British Empire, the majority of the directors of which are British subjects.

The Board have found it necessary on a few occasions to refuse to register, as British, films made by companies without a majority of British directors, although in other respects the Act had been fully complied with. The omission to obtain a majority of British directors seems to have been quite inadvertent.

From time to time films made in Great Britain have incorporated lengths of negative taken from films made abroad by foreign makers. Usually the films concerned have been British versions of foreign films and it appears to have been considered advantageous and economical to incorporate scenes, such as exteriors and crowd scenes in big settings, which would be difficult or expensive to reproduce in Great Britain. The Board were advised that in view of the terms of Section 27 (3) (i) of the Act, such films could not be registered as British films. This view was confirmed by a decision by Mr. Justice Luxmoore in an appeal under Section 9 of the Act by Warner Brothers—First National Productions Limited against the Board's refusal to register as British a film of 7,877 feet in which was incorporated 2,949 feet of film of Italian origin. In the course of his judgment Mr. Justice Luxmoore stated " In my judgment the first requirement of that sub-Section [Section 27 (3)] is that the film which is to be considered for registration as a British film must substantially in its entirety be made by British subjects ".

(2) *The studio scenes must have been photographed in a studio in the British Empire.*

It appears to have been generally accepted that a condition of this kind is essential for the encouragement and development of a British film industry. Studio scenes are regarded by the Board of Trade as scenes photographed in a place (whether within a building or not) where sets were erected for the purpose. This definition was adopted after consultation with representatives of the British film industry and no exception to it has been taken by film makers.

(3) *The author of the scenario must have been a British subject at the time the film was made.*

The repeal of this requirement has been recommended by the Cinematograph Films Advisory Committee, and by a joint deputation of the Federation of British Industries and the Cinematograph Exhibitors' Association and again by a joint deputation of the Federation of British Industries and the Trade Union Congress. The case for the recommendation may be stated as follows:—

In imposing this requirement the intention was to secure that the story or theme and the scenes presented should be essentially British in character and atmosphere. The author of the scenario, however, is, to-day at least, not the person who controls these matters. His function is to take the story as adapted or prepared by the treatment writer and to arrange the various scenes and equip them with the necessary directions for shooting purposes. The scenario writer is a technician rather than an artist. There are not sufficient British scenario writers of the front rank to meet the needs of the British industry and this requirement deprives the makers of British films of the opportunity of obtaining the services of the world's best technicians in this department. The persons who actually determine the national character of a film are those responsible for making it. It is they who select the story, theme or plot and who hazard capital for its production.

The Board understand that in the preparation of a scenario particularly since the introduction of sound, more than one person may be engaged and that in some of the large studios there are scenario departments employing staffs of treatment, dialogue and continuity writers. It is, therefore, not always easy to determine precisely who is the scenario writer within the meaning of the Act. In the course of administration the Board have seldom found it necessary to refuse to register a film as British on the ground that this requirement had not been complied with.

(4) *Not less than 75 per cent. of the salaries, wages, and payments specifically paid for labour and services in the making of the film (exclusive of payments in respect of copyright and of the salary or payments to one foreign actor or actress or producer but inclusive of the payments to the author of the scenario), must be paid to British subjects or persons domiciled in the British Empire.*—The Board of Trade are empowered to relax this requirement in any case where the British percentage is not less than 70 per cent. provided that they are satisfied that the maker has taken all reasonable steps to secure compliance with the requirement and that his failure to comply was due to exceptional circumstances beyond his control.

The repeal of this requirement was recommended in 1929 by the Cinematograph Films Advisory Committee, and in June, 1930, by a joint deputation from the Federation of British Industries and the Cinematograph Exhibitors' Association mainly on the ground that it prevented the engagement of the foreign " stars " and technicians which were necessary in the production of films for the world market. A joint deputation from the Federation of British Industries and the Trade Union Congress in April, 1932, did not repeat this recommendation and the proposal has not since been revived.

The particulars furnished to the Board of Trade in Form C indicate that in the great majority of cases payments made to persons of British nationality or domicile considerably exceed 75 per cent. of the total labour costs. Only on very rare occasions have the Board been requested to exercise their discretion to register films as British in which the British percentage of labour costs was between 70 and 75.

The Board of Trade have on their administration of the Act regarded " salaries, wages and payments specifically paid for labour and services in the making of the film " as covering only payments directly attributable to the making of the film, including a proper and reasonable proportion of any annual salaries or fees to be attributed to the making of the film. They have not considered these words to include any payments to the employees of the maker who render clerical or other services of a general nature in connection with the administration and maintenance of a film producing business.

APPENDIX II.

BOARD OF TRADE.

CINEMATOGRAPH FILMS ACT, 1927.

REGISTRATION FORM C.

Evidence of British Nature of Film entitled

....

application for the registration of which was made by

....

on the...19.......

$\substack{\text{I}\\ \text{We}}$ declare that the following particulars set out in paragraphs 1 to 6 below relating to the film entitled

....

....

are true to the best of $\substack{\text{my}\\ \text{our}}$ knowledge and belief.

Signature of the Maker(s) of the film..

Address...

Date....................................

1. The photographing was begun on...19..........

and finished on..., 19..........

2. (*a*) The scenes photographed in a place (whether within a building or not) where sets were erected for the purpose occupy...feet of the film, and were photographed in the following places (*give names and addresses of studios*), and nowhere else :—

....

....

....

(*b*) The only scenes photographed outside the British Empire were as follows (*state the scenes and the number of feet of the film occupied by them*) :—

....

....

....

3. The particulars given in paragraph 4 exclude payments made to one foreign $\frac{\text{producer}}{\text{actor or actress.}}$ *

* Strike out the words which do not apply.

4. Salaries, wages and payments specifically paid for labour and services rendered by the persons referred to below in the making of the film :—

—	Amounts paid or due to	
	British subjects or persons domiciled in the British Empire.	Other Persons.
	£	£
(1). Production Staff (including author of scenario, production manager, producer, assistant producers, editors, art directors, photographers) as follows :—		

Name.	*Function.*	*Nationality.*	*Permanent place of residence.*

(2). Principal Actors and Actresses, as follows :—

Name.	*Nationality.*	*Permanent place of residence.*

	Number of Persons.	British subjects or persons domiciled in the British Empire.	Other Persons.
(3). Other Actors and Actresses			
(4). Other persons photographed for the picture :—			
(*a*) in scenes taken in the British Empire			
(*b*) in scenes taken outside the British Empire			
(5). Other Staff (including scenery craftsmen and labourers, seamstresses, electricians, etc.) :—			
(*a*) Wages for services rendered in the British Empire			
(*b*) Wages for services rendered outside the British Empire ...			
TOTAL ... ... £			

ACCOUNTANTS' CERTIFICATE.

$^{\text{I}}_{\text{We}}$ certify that $^{\text{I}}_{\text{we}}$ have inspected the books of the makers of the film herein referred to in so far as they relate to the making of the said film, and have called for such explanations and documents as are necessary to enable $^{\text{me}}_{\text{us}}$ to ascertain the amounts of salaries, wages and payments specifically paid for labour and services in the making of the said film (including a proper and reasonable proportion of any annual salaries or fees to be attributed to the making of the said film) and $^{\text{I}}_{\text{we}}$ certify that the amounts entered in the table above are correct.

Dated this..............................day of..............................19......

Address... *Signature*...

.... *Qualification* ....

5. (*a*) Names and nationality of the maker(s) of the film (in the case of a firm state the firm's name as well as the name of each partner, in the case of a company state the name of the company) :—

Name.	*Nationality during the time stated in paragraph* 1.
....	....
....	....
....	....
....	....

(*b*) Address of maker (in the case of a company its registered office) :—

....

....

(*c*) If the maker is a company, state below the part of the British Empire under the laws of which the company was constituted and the names and nationalities of the persons who were its directors during any part of the time stated in paragraph 1 :—

Part of British Empire..

Names of Directors.	*Nationality during the time stated in paragraph* 1.
....	....
....	....
....	....
....	....
....	....
....	....
....	....

6.—Name and nationality of the author or authors of the scenario :—

Name.	*Nationality during the time stated in paragraph* 1.
....	....
....	....

APPENDIX III.

MAKERS OF FILMS IN GREAT BRITAIN.

Makers of the 215 long films which were registered as British during the renters' quota year 1935-36, totalled 76.

The chief makers of British films who have their own studios in Great Britain are:—

Archibald Nettlefold Productions, Walton-on-Thames. (Studios mainly rented to other makers.)

Associated British Picture Corporation, Ltd. (British International Pictures, Ltd., Boreham Wood, Elstree, and Welwyn Studios, Ltd., Welwyn Garden City.)

Associated Talking Pictures, Ltd. (Studios Ealing).

British and Dominions Film Corporation, Ltd.

British Lion Film Corporation, Ltd., Lion Studios, Beaconsfield, Bucks.

British National Films, Ltd.

Criterion Films, Ltd. (Worton Hall Studios, Isleworth.)

Fox British Pictures, Ltd., Wembley (makers for Fox Film Co., Ltd.)

Gaumont-British Picture Corporation, Ltd., Shepherd's Bush: and Gainsborough Pictures (1928) Ltd., Islington.

Joe Rock Studios, Elstree (associated with Leslie Fuller Pictures, Ltd.)

London Film Productions, Ltd. (whose associated making companies are Denham Films, Ltd., Denham Film Corporation, Ltd., London and Denham Films, Ltd., Denham Studios, Ltd., and Technicolor, Ltd.)

Sound City (Films), Ltd., Sound City Studios, Shepperton (mainly used by other making companies.)

Stoll Picture Productions, Ltd., Cricklewood—(generally used by other making companies).

Twickenham Film Studios, Ltd., with studios at Twickenham and Hammersmith. An associated company J. H. Productions, Ltd., have acquired studios at Elstree.

Warner Bros., First National Productions, Ltd., Teddington Studios.

Production Units without their own studios include:—

Butcher's Film Service, Ltd.
*Capitol Film Corporation, Ltd.
*Cecil Films, Ltd.
Concordia Films, Ltd.
Embassy Pictures (Associated), Ltd.
Garrett Klement Pictures, Ltd.
George Smith Productions, Ltd.
Grosvenor Sound Films, Ltd.
Hammer Productions, Ltd.
*Herbert Wilcox Productions, Ltd.
I.F.P. Ltd. (Phoenix Films).
John Stafford Productions, Ltd.
New World Pictures, Ltd.
Radius Films, Ltd.
St. George's Pictures, Ltd.
Soskin Productions, Ltd.
Toeplitz Productions, Ltd.
†U.K. Films, Ltd.
J. G. & R. B. Wainwright, Ltd.
Wyndham Films, Ltd.

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* Now associated with General Film Distributors as producing companies.

† Associated with Sound City (Films) Ltd.

APPENDIX IV.

RENTERS OF FILMS IN GREAT BRITAIN.

In the renters' quota year 1935–6, licences were issued to 65 renters.

The principal renters, all of whom have their headquarters in London, number 19 (11 British ,8 foreign-controlled) and are :—

Name of Renter.	Associated Producing Co.	Associated Exhibitors (Circuits).
British Renters.		
Associated British Film Distributors, Ltd.	Associated Talking Pictures, Ltd., Ealing Studios, W.5.	None.
Associated Producing & Distribution Co.	U.K. Films, Ltd., Sound City Studios, Shepperton ...	None.
British Lion Film Corporation, Ltd.	Own Studios at Beaconsfield	None.
Butcher's Film Service, Ltd.... ...	None—make some British films themselves at hired studios.	None.
Equity British Films, Ltd.	None	None.
Gaumont-British Distributors, Ltd....	Gaumont-British Pictures Corp., Ltd., Shepherd's Bush Studios. Gainsborough Pictures (1928), Ltd., Poole Street, Islington.	G.B. Circuit.
General Film Distributors, Ltd.* ...	British and Dominions Film Corp., Ltd., Boreham Wood, Herts, and other associated companies.	None.
Pathe Pictures, Ltd.	British International Pictures, Ltd., and obtain some British films from other production units.	Associated British Picture Corp. Circuit.
Reunion Films, Ltd.	None	None.
Twickenham Film Distributors, Ltd.†	Twickenham Film Studios, Ltd., Twickenham, J. H. Productions, Ltd., Boreham Wood, Herts.	None.
Wardour Films, Ltd.	British International Pictures, Ltd.	Associated British Picture Corp. Circuit.
Foreign Controlled Renters.		
Columbia Pictures Corp., Ltd. ...	None	None.
First National Film Distributors, Ltd.	Warner Bros.—First National Productions, Ltd., Teddington.	None.
Fox Film Co., Ltd.	Fox British Pictures, Ltd., Wembley Studios ... ... New World Pictures, Ltd., Denham	None.
Metro-Goldwyn-Mayer Pictures, Ltd.	None	None.
Paramount Film Service, Ltd. ...	None	Several companies exhibiting at Astoria Theatres (Key cinemas in London and some large towns).
Radio Pictures, Ltd.	None	None.
United Artists Corp., Ltd.	London Film Productions, Ltd., Denham ... ... British and Dominions Film Corp., Ltd., Boreham Wood. Criterion Film Productions, Ltd., Worton Hall Studios.	None.
Warner Bros. Pictures, Ltd.... ...	Warner Bros., First National Productions, Ltd., Teddington.	None.

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* Have recently taken over the distribution interests in the U.K. of Universal Pictures, Ltd., formerly one of the major foreign-controlled renters.

† Have recently taken over the distribution and production interests of Producers Distributing Co. (U.K.), Ltd., and its associated Co. New Ideal Pictures, Ltd., Hammersmith Studios.

APPENDIX V

Films Made Outside Great Britain which have been registered as British.

Country.	Renters' Quota Year.																																				Remarks.
	1928–29.				1929–30.				1930–31.				1931–32.				1932–33.				1933–34.				1934–35.				1935–36.				Total.				
	Long.		Short.		Long.		Short.		Long.		Short.		Long.		Short.		Long.		Short.		Long.		Short.		Long.		Short.		Long.		Short.		Long.		Short.		
	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	Br	E	
Australia ...	3	—	—	—	3	—	—	—	3	—	—	—	2	—	—	—	8	—	—	—	7	—	—	—	8	—	—	—	6	—	—	—	40	—	—	—	
Australia ...	—	—	—	—	—	—	—	—	—	—	—	1	—	—	1	—	—	—	8	5	—	—	4	—	—	—	—	—	—	—	—	6	—	—	13	12	
Canada ...	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	—	—	—	2	—	—	—	7	—	—	—	
Canada ...	—	—	1	1	—	—	—	—	—	—	5	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6	—	—	—	—	—	—	6	10	
Federated Malay States.	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	
India	1	—	—	—	4	—	—	—	6	—	—	—	4	—	—	—	1	—	—	—	1	—	—	—	—	—	—	—	3	—	—	—	20	—	—	—	
Irish Free State	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	2	—	—	—	
Jersey ...	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	
South Africa ...	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	1	—	—	
Southern Rhodesia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	1	
	8	—	1	1	7	—	—	—	9	1	5	4	6	—	1	—	9	—	8	5	9	—	4	—	11	—	—	6	11	1	—	7	70	2	19	23	

Note.—Br indicates films registered for both the renters' and exhibitors' quotas. E indicates films registered for exhibitors' quota only.

APPENDIX VI.

Analysis of British Long Films registered during the Quota Year, 1st April, 1932, to 31st March, 1933, on the basis of markings assigned by the Cinematograph Exhibitors' Association.

	C.E.A. markings.				
	Under 7.	7 to 7¼.	7½ to 7¾.	8 to 8½.	8¾ & over.
Major British Renters—					
British Lion Film Corporation, Ltd	—	1	—	1	
Butcher's Film Service, Ltd.	1	—	—	1	—
Gaumont Films, Ltd. } Gaumont group...	—	—	—	1	3
Ideal Films, Ltd.	—	—	1	2	3
W. & F. Films Service, Ltd.	—	—	—	12	7
Pathe Pictures, Ltd.	3	1	2	1	—
P.D.C., Ltd.	—	—	—	1	—
Sterling Film Co., Ltd.	—	—	—	3	—
Wardour Films, Ltd.	—	1	1	15	5
	4	3	4	37	19
	6%	4%	6%	54%	30%
Other British Renters—					
Ace Films, Ltd.	—	1	—	—	—
Associated Producing and Distribution Co.	—	—	—	1	—
Equity British Films, Ltd.	3	—	—	—	—
International Productions, Ltd.	—	1	—	—	—
W.P. Films Co., Ltd.	—	—	1	—	—
	3	2	1	1	—
	43%	29%	14%	14%	—
United Artists Corporation, Ltd. (1 no marking)	—	—	2	6	—
	—	—	25%	75%	—
Other Foreign-controlled Renters—					
First National Film Distributors, Ltd. (1 no marking)	—	2	3	2	—
Fox Film Co., Ltd. (1 no marking)	2	—	1	7	—
Metro-Goldwyn-Mayer Pictures, Ltd.	1	3	3	1	1
Paramount Film Service, Ltd.	—	—	5	6	1
Radio Pictures, Ltd.	—	1	2	6	1
Universal Pictures, Ltd. (2 no markings)	5	3	—	3	—
Warner Bros., Ltd.	1	7	2	2	—
	9	16	16	27	3
	12%	23%	23%	38%	4%
Grand total	16	21	23	71	22
Percentage	11%	14%	15%	46%	14%

APPENDIX VI.—*continued.*

ANALYSIS OF BRITISH LONG FILMS REGISTERED DURING THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 1934, ON THE BASIS OF MARKINGS ASSIGNED BY THE CINEMATOGRAPH EXHIBITORS' ASSOCIATION.

	C.E.A. Markings.				
	Under 7.	7 to $7\frac{1}{4}$.	$7\frac{1}{2}$ to $7\frac{3}{4}$.	8 to $8\frac{1}{2}$.	$8\frac{3}{4}$ over.
Major British Renters—					
Associated British Film Distributors, Ltd.	—	—	2	3	1
British Lion Film Corporation, Ltd.	—	—	2	2	—
Butcher's Film Service, Ltd.	1	1	3	—	—
Gaumont-British Distributors, Ltd. (1 no marking)	—	—	1	16	5
Pathe Pictures, Ltd.	4	—	1	6	—
P.D.C., Ltd.	—	—	1	1	—
Wardour Films, Ltd.	—	2	3	11	3
	5	3	13	39	9
	7%	4%	19%	57%	13%
Other British Renters—					
Associated Producing and Distribution Co.	—	—	1	1	—
Beacon Film Distributing Co.	1	—	—	—	—
Equity British Films, Ltd. (1 no marking)	1	—	—	—	—
International Productions, Ltd.	—	—	2	—	—
Zenifilms, Ltd.	—	—	—	1	—
	2	—	3	2	—
	28%	—	44%	28%	—
United Artists Corporation, Ltd.	—	—	2	4	2
	—	—	25%	50%	25%
Other Foreign-controlled Renters—					
Columbia Picture Corporation, Ltd.	7	3	1	—	—
First National Film Distributors, Ltd. (1 no marking) ...	5	1	1	1	—
Fox Film Co., Ltd....	3	3	4	1	—
Metro-Goldwyn-Mayer Pictures, Ltd.	7	7	4	—	—
Paramount Film Services, Ltd.	4	7	5	1	—
Radio Pictures, Ltd.	1	6	6	1	—
Universal Pictures, Ltd. (2 no marking)	1	2	5	3	—
Warner Bros., Ltd....	5	3	2	1	—
	33	32	27	8	—
	33%	32%	27%	8%	—
Grand total	40	35	45	53	11
Percentage	22%	19%	24%	29%	6%

APPENDIX VI. (*continued*).

ANALYSIS OF BRITISH LONG FILMS REGISTERED DURING THE PERIOD 1ST JANUARY TO 31ST DECEMBER, 1935, ON THE BASIS OF MARKINGS ASSIGNED BY THE CINEMATOGRAPH EXHIBITORS' ASSOCIATION.

C.E.A. Markings.

	Under 7.	7 to 7¼.	7½ to 7¾.	8 to 8½.	8¾ & over
Major British Renters—					
Associated British Film Distributors, Ltd.	—	2	2	7	—
British Lion Film Corporation, Ltd.	—	1	—	5	—
Butcher's Film Service, Ltd.	—	1	5	1	—
Gaumont-British Distributors, Ltd.	—	—	5	21	3
General Film Distributors, Ltd.	—	—	2	1	—
Pathe Pictures, Ltd. (1 no marking)	—	—	—	2	—
P.D.C., Ltd....	—	—	1	1	—
Twickenham Film Distributors, Ltd.	—	—	1	4	—
Wardour Films, Ltd.	—	1	4	9	1
	—	5	20	51	4
	—	6%	25%	64%	5%
Other British Renters—					
Ace Films, Ltd.	—	—	—	1	—
Associated Producing and Distribution Co.	1	—	2	—	—
Equity British Films, Ltd. (1 no marking)	1	—	—	—	—
Reunion Films, Ltd.	—	1	—	—	—
	2	1	2	1	—
	33%	17%	33%	17%	—
United Artists Corporation, Ltd.	—	—	—	6	2
	—	—	—	75%	25%
Other Foreign-controlled Renters—					
Columbia Picture Corporation, Ltd. (1 no marking)	4	2	—	—	—
First National Film Distributors, Ltd.	—	1	2	3	—
Fox Film Co., Ltd....	2	4	5	1	—
Metro-Goldwyn-Mayer Pictures, Ltd. (2 no marking)	8	4	—	—	—
Paramount Film Service, Ltd.	4	6	3	—	—
Radio Pictures, Ltd.	6	7	2	1	—
Universal Pictures, Ltd. (1 no marking)...	8	4	5	1	—
Warner Bros., Ltd....	1	1	2	2	—
	33	29	19	8	—
	37%	33%	21%	9%	—
Grand Total	35	35	41	66	6
Percentage	19%	19%	23%	36%	3%

APPENDIX VII.

LEGISLATION RELATIVE TO THE PRODUCTION, RENTING AND EXHIBITING OF CINEMATOGRAPH FILMS IN PARTS OF THE BRITISH EMPIRE OUTSIDE THE UNITED KINGDOM AND IN FOREIGN COUNTRIES.

BRITISH EMPIRE.

(a) *Australia—New South Wales and Victoria.*—In New South Wales the Cinematograph Films (Australian Quota) Act, 1935, received the Governor's assent on the 11th April, 1935. In Victoria an Act having the same title received assent on the 2nd December, 1935. In the main the two Acts are in identical terms. They impose quotas on distributors (renters) and exhibitors for periods of five years with the object of fostering film production in Australia.

The following notes apply to both Acts except as otherwise stated.

Films to which the Acts apply.—For quota purposes films to which the Acts apply are divided into Australian, British and foreign films. An Australian film is defined as a film:—

(*a*) which has been wholly or mainly produced in Australia;

(*b*) all the studio scenes depicted in which have been photographed in Australia; and

(*c*) (where the film is produced by a company) which has been produced by a company incorporated in Australia.

British films are films which are deemed to be British films under the Imperial Cinematograph Films Act, 1927, and foreign films are all films which are neither British nor Australian.

Nine classes of films are excepted from the Acts. The first six classes are identical in terms with those enumerated in Section 27 (1) of the Cinematograph Films Act, 1927. In addition the Acts do not apply to:—

(1) films not exceeding 5,000 ft. in length;

(2) Australian films rejected by the Minister on the advice of the appropriate advisory authority on the ground that their artistic or photographic merit, or their appeal to the interest of

the public generally, or their general quality is not sufficient to warrant their being taken into account for quota purposes;

(3) Australian films, the production of which was commenced before the 1st January, 1934.

In New South Wales the Act may be applied to any specified Australian film of any of the excepted classes provided that the film is not less than 3,000 ft. in length.

In Victoria the Act may be applied to any specified Australian film of any of the excepted classes except films depicting news and current events or being commercial advertisements, subject to the proviso that quotas may not be satisfied by single reel films to a greater extent than 25 per cent.

Advisory Authority.—The New South Wales Act provides for the appointment by the Governor of a Films Advisory Committee of three persons having no pecuniary interest in any branch of the film industry. Members, unless employed by the State of New South Wales, are entitled to receive fees for their services.

The Victoria Act provides for the appointment by the Governor of a Films Adviser remunerated by fees.

Distributors' Quota.—The prescribed quotas in both Acts are:—

	Per cent.
In the first year	5
In the second year	7½
In the third year	10
In the fourth year	12½
In the fifth year	15

The quota is calculated upon the numbers, not footages, of the Australian and foreign films acquired, i.e., distributors are not required to provide quota against British films. Where the prescribed percentage is not a whole number any fraction exceeding a half counts as a whole number.

The statutory quotas may be modified or waived by the Minister if he is satisfied that compliance by an individual distributor or by distributors generally is not commercially practicable by reasons of the quantity, character or exhibition value of Australian films available, or the excessive cost of such films in relation to British or foreign films.

Small renters, each of whom acquires not more than six quota films in a year, may, with the consent of the Minister, combine for quota purposes.

Distributors are required to furnish to the Minister statements in writing showing the number of quota films which they propose to acquire and distribute "during the next succeeding year."

The maximum penalty for non-compliance, unless due to reasons beyond the distributor's control, is £100, and if the Court is of opinion that the offence was committed with the intent to defeat the purposes of the Act it may suspend or cancel the distributor's registration.

Exhibitors' Quota.—The prescribed quotas under both Acts are:—

	Per cent.
In the first year	4
In the second year	5
In the third year	7½
In the fourth year	10
In the fifth year	12½

In New South Wales the quota is calculated upon the total number of films (Australian, British and foreign) exhibited multiplied by the number of times of exhibition. In Victoria, however, the quota is calculated upon the total number of Australian and foreign films exhibited similarly multiplied. Accordingly the New South Wales exhibitor is required to exhibit Australian films as quota against British as well as foreign films, while in Victoria he is required to find quota against foreign films only.

There are provisions, similar to those relating to the distributors' quota, in respect of the counting of fractions, the modifications either individually or generally of the quota, returns and penalties for non-compliance.

Under both Acts an exhibitor, in order to comply with the quota, may, without incurring any liability for breach of contract, reject any foreign films which he has contracted to exhibit up to the number of the Australian films which he is required to exhibit in any year.

In addition the Victoria Act provides:—

(1) that a dispute as to the price to be paid for an Australian film shall be referred by the Minister to the arbitration of a committee of three, consisting of the Under-Secretary (Chairman) and two other persons nominated respectively by the parties to the dispute. The Committee's decision is final;

(2) the exhibitor may, without incurring any liability for breach of contract, reject up to 25 per cent. of the number of foreign films which he has contracted to take. Notice of objection must be given to the distributor concerned within specified time limits.

Under both Acts any agreement which requires an exhibitor to hire British or foreign films as a condition of hiring an Australian quota film is declared void. Also, any Australian film which has been approved as a quota film in any other State is, unless otherwise directed, deemed to be an Australian film for the purposes of each Act.

(b) *New Zealand*.—In New Zealand a Cinematograph Films Act was passed in 1928 to assist the distribution of British films in that Dominion. It did not purport to assist the establishment of a local film producing industry. Accordingly it differs in some respects from the Imperial Act of 1927 and also deals with matters which are outside the scope of that Act. It does not prohibit blind booking or so strictly limit advance booking, but it gives exhibitors certain rights to reject films without penalties for breach of contract. Provision is made for renters' and exhibitors' quotas. The quotas are based on numbers, not footage, of long films only. Renters may be exempted from the obligation to acquire British films if exhibitors are not prejudiced thereby and the exhibitors' quota is not mandatory. The Act also deals with censorship and safety regulations in connection with the storage, transport and production of films.

The New Zealand Cinematograph Films Amendment Act, 1934 provides, among other things, that a standard form of contract between renters and exhibitors shall be prescribed or approved by the Minister and increases exhibitors' rights to reject films up to 25 per cent. in respect of all contracts for more than four pictures. The Act also imposes restrictions on the hire of films by exhibitors. It is made an offence for an exhibitor to hire more films than are necessary for his theatres. Rejection rights must be exercised within specified time limits. Renters are required on request to rent to any exhibitor on the usual terms and conditions any films rejected by or not already booked to another exhibitor in the same area.

(c) *Southern Rhodesia*.—In Southern Rhodesia the Entertainments Control and Censorship Act of 1932 deals with safety in theatres and cinemas and the censorship of films and film advertising, and amongst other things, also imposes a quota of British films on exhibitors. The definition of British films corresponds with that in Section 27 (3) of the Cinematograph Films Act, 1927, the quota applies to long and all films and is calculated in precisely the same way as the exhibitors' quota in Great Britain and exhibitors are required to keep records and furnish returns. The quota was fixed at 15 per cent. for the year ended 30th May, 1933, and for the five succeeding years at such proportion not being less than 15 per cent. as the Governor might prescribe. For each of the succeeding three years the quota has been continued at 15 per cent.

In 1935 an amending Act provided that the quota provisions of the principal Act should not apply to silent films.

(d) *British West Indies*.—At the British West Indies Conference in 1929 the question of the exhibition of British films in the British West Indies was discussed and a resolution was passed recommending the Governments of the Conference Colonies to pass legislation, if and when practicable, to provide for the exhibition of a proportion of British films. It was further agreed that Trinidad should undertake the drafting of a measure to establish a quota system.

(i) *Trinidad*.—As a result, the Trinidad Cinematograph (British Films) Ordinance, 1932, was passed. The Ordinance applies to all films except commercial advertising films, educational films, films consisting only of announcements, etc., not accompanied by pictorial illustrations, and films exhibited at performances where the total length of film does not exceed 2,000 feet. Quotas are imposed upon exhibitors only and must be satisfied as respects long films and all films and also as respects news films. Long films are films of 5,000 feet and upwards (as compared with 3,000 feet and upwards in Great Britain) and news films are films depicting wholly or mainly news and current events. Quotas are calculated upon the total number of feet of the films exhibited but no film is counted more than once, i.e., upon the footage of films booked without regard to the number of exhibitions after the first that may be given. Quotas were fixed at 20 per cent. for long and all films in 1933 and 25 per cent. in each succeeding year, and at 50 per cent. for news films from 1933 onwards. The Governor may also prescribe that not exceeding one-fifth of the percentage of British news films shall be British West Indian films and may regulate the price to be charged for such films.

Exhibitors are required to keep records and to make returns and provision is made for penalties for contravention of the Ordinance.

In 1935 an amending Ordinance gave the Governor power by proclamation to apply the principal Ordinance only to such towns or other areas as might be specified in the proclamation. It also provided that the proportion of British films should be ascertained in such manner as might be prescribed.

In consequence of representations by the film interests concerned that the quotas were excessive the Ordinance is not being enforced pending consideration of this question.

(ii) *Bahamas*.—In 1933 the Bahamas House of Assembly rejected a Bill which was similar to the Trinidad Ordinance of 1932.

(iii) *British Guiana*. — *Barbados*. — Legislation similar to the Trinidad Ordinance of 1932 was passed in British Guiana in 1933 and in Barbados in 1935. As in Trinidad, these are not being enforced pending reconsideration of the prescribed quota percentages.

(iv) *Jamaica*.—The question of quota legislation was considered in Jamaica in 1933, but no action was taken as voluntary arrangements which had been made for the exhibition of British films were regarded as satisfactory.

FOREIGN COUNTRIES.

(a) *Austria*.—Regulations in connection with two Austrian laws, Nos. 204 and 206 of the 9th and 28th March, 1934, respectively, were issued to the trade by the Ministry for Commerce and Traffic in December, 1935. According to these regulations, Austrian makers of sound films receive as premium for each film produced, vouchers entitling them to a number of permits for showing sound films. These vouchers are handed by the producers to the "Film Bureau" of the Vienna Chamber of Commerce, where they are sold for the account of the producing firm to the film dealers at 500 to 1,000 Schillinge each. No permits for exhibiting sound films are given, unless such vouchers are produced. In certain cases no permits are required, e.g., for cultural films, and Austrian weekly reports, which must be shown in any event.

No vouchers are required when applying for permits to exhibit Austrian films, or foreign "Actualities." For foreign advertising films, propaganda films, etc., vouchers are required.

One voucher gives a right to ten permits to exhibit a foreign short film, not exceeding 350 metres, or five permits for foreign films from 350 to 700 metres. In the case of foreign films above 1,500 metres, three vouchers must be produced; for each film of from 1,000 to 1,500 metres, two vouchers, and for films from 700 to 1,000 metres, one voucher. A reduction in the number of vouchers required can be granted when it has been necessary to make a German rendering of a foreign language. For every normal film produced in the country, vouchers up to a maximum of twenty-five can be issued, and for short films or for films for obligatory exhibition, up to three vouchers. If normal films are produced on apparatus of Austrian make, four more vouchers may be granted. The maker of a version in a foreign language of a film originally made in Austria, is entitled to the free exhibition in Austria of one film made in the country to which the film in a foreign language is first sold. If such Austrian films with tourist foreign text serve as tourist propaganda for Austria, this benefit is increased. Renting establishments who can prove expenditure in Austria for subsequent synchronisation of a film, may be granted up to two vouchers. Moreover, such films can be freely exhibited in Austria.

If the maker of an Austrian film sells that film to foreign countries at an adequate price, or otherwise disposes of the film in a foreign country, the "Film Bureau" is authorised to issue a number of special export premium vouchers to be fixed by the Ministry of Commerce and Traffic. These vouchers remain with the "Film Bureau" and can only be used for exhibiting films which come from the same foreign countries. This applies only one for every original film.

The Austrian film industry is not assisted in any other way by the Government, and no bounties on production are paid by the Government direct.

(b) *Czechoslovakia*.—The Czechoslovakian film industry is assisted by subsidies from a fund obtained from registration fees on imported full length feature films.

The Czechoslovak Association of Film Industry and Trade is required to keep three registers (A, B and C), in which are entered particulars of all films imported or produced in Czechoslovakia. In these registers are entered respectively particulars of (A) all films produced in Czechoslovakia whose makers apply for a subsidy, (B) all imported full length feature films, (C) all other imported films (short films, etc., not exceeding 700 metres in length). To cover the expenses of registration the following "manipulation fees" are charged:—

For each entry in Registers A and B, Kc. 200.
For each entry in Register C, Kc. 20.
In addition, for each entry in Register B, a registration fee of Kc. 20,000 is payable.

Import licences are issued only on production of proof that the films concerned have been registered and the appropriate fees paid.

The registration fees on "B" films provide a fund for the purpose of subsidizing the national production of feature films, and educational and propaganda films, and generally of promoting the national film industry.

A Czechoslovak film must be in the Czechoslovak language and have been made in studios and laboratories within the country. Before production is commenced the scenario of the film must have been submitted to and approved by the Film Advisory Board.

The importation of seven films entitles the importer to a subsidy of Kc.140,000 for the purpose of producing, or purchasing, at his option, a Czechoslovak film. The subsidy is increased by a further Kc.40,000 if the native film acquired is made also in a foreign language for export. Post-synchronised and dubbed pictures are not regarded as foreign language versions.

The importation of eight films entitles the importer to import, free of the prescribed registration fee, one film dubbed in a foreign language, the internal distribution of which is, however, strictly controlled.

On the importation of five films the importer is required to undertake to produce or purchase one native cultural film, 250 to 300 metres in length in the Czech language, of which four copies must be supplied at cost price to the Ministry of Foreign Affairs (presumably for distribution abroad).

(c) *France.*—The exhibition of foreign films in the language of the country of origin is allowed only in five cinemas in the Department of the Seine and in ten cinemas in other Departments of the country.

During the period 1st July, 1935, to 30th June, 1936, post-synchronised films exceeding 900 metres in length, to the number of 94 in each half-year, may be exhibited in France subject to the following conditions:—

(1) The post-synchronisation must have been entirely effected in studios situated in French territory and within four months from the date of entry of the application as determined by the payment of the appropriate tax.

(2) The films as exhibited to the public must be described as dubbed films and there must be shown the title in the original language, an exact translation of that title, the title of the dubbed version, names of the artistes concerned in the original production and in the post-synchronisation, the country of origin and the place in which the dubbing was carried out.

The exhibition of foreign films from countries where the exhibition of French films is subject to restrictions is subject to any agreements made with the governments of those countries. This condition does not appear yet to have been strictly applied.

Apart from these restrictions, the exhibition of foreign films is subject to the same conditions as to censorship, etc., as French films.

The quota of post-synchronised films is not allotted to specified countries in fixed proportions.

(d) *Germany.*—The importation of long sound feature films into Germany is limited to 105 in a calendar year. Import permits for these films are allotted as follows:—

60 (i.e., 4/7) to distributors of German films. These permits are issued free of charge but are not transferable and therefore can be used only by the distributors concerned.

30 (i.e., 2/7) to film exporters. These permits are transferable, as the majority of the film makers who would be entitled to them would have no use for them. The Ministry of Propaganda has fixed a price of 20,000 R.M. per permit as from 1st January, 1935.

The remaining 15 permits are at the disposal of the Ministry of Propaganda.

Long silent feature films are similarly restricted, the annual quota being 70.

The Ministry of Propaganda has power to issue further permits " in the event of an important change in the position of the film market or for other important reasons," or in respect of films to be imported from countries with whom or with whose industries reciprocal agreements exist concerning film imports, " for political or cultural reasons."

(e) *Hungary.*—Under a decree dated 15th May, 1932, a Hungarian Film Industry Fund was established to further the development of the Hungarian Film Industry.

The income of the Fund is obtained from the issue of " Importation Vouchers " and from additional censorship fees on certain films. An importation voucher must be obtained from the Fund in respect of each imported sound film at the following charges:—

	gold pengo.
Each film not exceeding 200 metres ...	100
Each film exceeding 200 metres, but not exceeding 400	200
Each film exceeding 400 metres, but not exceeding 800	400
Each film exceeding 800 metres, but not exceeding 1,200	1,000

In addition to the regular censorship fees additional fees are payable on imported silent and sound films:—

	per censored metre.
If the Hungarian captions have been made in Hungary ...	20 filler.
If the captions have been made abroad	1 gold pengo.

Importation vouchers are not required in respect of imported silent films, and news, educational, scientific and propaganda films are exempt from all the above-mentioned special charges.

The National Board of Film Censorship issues its licence in respect of an approved film only on payment of the special additional fee and production of an importation voucher.

The film industry may, with the approval of the Ministers of Commerce and Home Affairs, grant premiums on films made in Hungary in proportion in each case to the capital invested in the film.

Under decrees issued in July, 1935, an Act for safeguarding the maintenance of the Hungarian language in sound film exhibitions was brought into force on 1st August, 1935.

These decrees provide for the issue in respect of each approved sound film exceeding 1,200 metres in length produced or synchronised in Hungary in the Hungarian language of " Censor's Tickets " (seven during the 1935-6 season). Each Censor's Ticket permits the examination by the Censorship Committee of one foreign film exceeding 1,200 metres in length.

Quotas for half-yearly periods are fixed for exhibitors whose cinemas are equipped for sound projection. During the half-year 1st August, 1935—31st January, 1936, each licensed cinema proprietor was required to include in his programmes 10 per cent. of Hungarian sound films exceeding 1,200 metres in length of which one-half might consist of films synchronised in Hungary in the Hungarian language. For the half-year 1st February, 1936, to 31st July, 1936, the corresponding proportions are 15 per cent. and two-thirds.

Police authorities are required to see that these requirements are complied with and to submit half-yearly reports on the subject. Provision is made for the withdrawal of licences from defaulting exhibitors.

(f) *Italy.*—Under a Decree Law of the 8th October, 1933, as amended by several later Laws, non-Italian fiction sound films of not less than 1,000 metres dubbed into Italian, may be exhibited only if the dubbing has been carried out in that country in establishments situated in Italy, by artistic and executive staffs consisting wholly of Italian subjects. A dubbed film must show at what place the dubbing was carried out and that the work was done in Italy.

Persons carrying out in Italy dubbing of a foreign sound film must pay a tax of 25,000 lire on each such foreign film for which a permit to exhibit has been issued. Makers of native films dubbing foreign sound films into Italian are exempt from this tax if for three adaptations of foreign films they produce and show one national film. The conditions to be complied with by an Italian film are:—

(*a*) the subject must be by an Italian author or must at least have been adapted for the Italian production by Italian authors;

(*b*) the majority of the artistic and executive staffs must be of Italian nationality;

(*c*) both outdoor and indoor scenes must be taken in Italy. Certain exceptions may be made in respect of outdoor scenes according to the special requirements of the story.

From and including the financial year 1933-4, 2,000,000 lire has been provided in the Budget of the Ministry of Corporations for the payment of prizes to national films considered as having artistic merit and good technical execution. In first and second run cinemas in towns having a population of more than 50,000 inhabitants one Italian fiction sound film of not less than 1,500 metres must be shown for every three non-Italian sound films. At least three Italian films must be shown in each quarter of the year. The Under-Secretary for Press and Propaganda is authorised to vary the percentage of foreign to Italian films in accordance with the development of the national industry. The charges for and conditions of renting Italian films must not be less favourable than those of foreign films of equal importance and Italian and foreign films must not be rented in the same contract.

Under a law dated 13th June, 1935, the Under-Secretary of State for Press and Propaganda is authorised to grant loans to Italian film makers.

An application for an advance must be accompanied by financial, artistic and technical details of the proposed film.

Applications are considered, and the amounts of the advances to be granted are fixed, by a Commission of five members, subject to the approval of the Under-Secretary of State.

Provision for loans to film makers is to be made in the estimates of the Ministry of Finance up to a maximum of 10 million lire a year for five years from and including 1935-36.

Provision is also made for the establishment of a cinema credit department at the Banca Nazionale del Lavore for the purpose of granting loans at particularly favourable interest rates to makers of films. The capital to be provided for this purpose is to be not less than that provided by the Ministry of Finance for similar purposes.

(g) *Poland.*—The principal measures at present in operation in Poland for the protection and promotion of the film industry are:—

(*a*) a high customs duty on imported films;

(*b*) strict censorship in respect of foreign films;

(*c*) very high municipal tax discrimination between foreign films and Polish films making up the programmes of cinemas.

A Film Law of 13th March, 1934, empowers the Council of Ministers to regulate the importation of films, but this power has not been used. The law also provides for the grant of subsidies to local film production from the fees payable for exhibition permits. This power also has not yet been exercised.

A decree of the 18th August, 1934, made under the law requires the registration of undertakings for the sale and lease of films.

A further decree of the 12th September, 1935, under the law established within the Ministry of the Interior (*a*) a Film Commission and (*b*) a High Film Commission. The function of these Commissions is to examine any films and advertising matter relating to them which may be submitted to them by the Ministry of the Interior. The Commissions do not take the place of the ordinary Film Censorship Committee.

Proposals are reported to be under consideration (*a*) for a municipal tax on films, the maximum rate of tax not to exceed 60 per cent. and on films with a Polish theme, 5 per cent. of the price of the ticket, with a special rebate to cinemas undertaking to show annually at least 10 per cent. of Polish films exceeding 1,500 metres in length, in which case the tax on foreign films would be 45 per cent. In other towns than Warsaw lower rates would be applied to foreign films, dependent on the number of inhabitants; and (*b*) for a special tax on imported films to provide a fund for the encouragement of local production.

APPENDIX VIII.

1. The following table shows the import duties at present in force on cinematograph films:—

Class or Description of Goods.		Rates of Duty.	
		Full.	Preferential.
		£ s d.	£ s. d.
Cinematograph Films imported for the purpose of the exhibition of pictures or other optical effects by means of a cinematograph or other similar apparatus:			
Blank film, on which no picture has been impressed, known as raw film or stock, including photographic sensitised sheets or strips of celluloid or other similar material of a length of not less than twelve feet, whatever the width.	per linear foot of the standard width of $1\frac{3}{8}$ inches	0 0 $0\frac{1}{3}$	0 0 $0\frac{2}{9}$
Positives, i.e., films containing a picture for exhibition, whether developed or not	,,	0 0 1	0 0 $0\frac{2}{3}$
Negatives, i.e., films containing a photograph, whether developed or not, from which positives can be printed	,,	0 0 5	0 0 $3\frac{1}{3}$

2. In certain circumstances imported negative cinematograph films are chargeable with duty as blank film. Details are as follows:—

(1) If it is proved to the satisfaction of the Commissioners of Customs and Excise as respects any imported negative cinematograph film, whether developed or undeveloped,

(i) that the production of the film was organised by persons whose chief, or only, place of business was in the United Kingdom, and

(ii) that the producer of the film and all the principal actors and artists employed for the production thereof, except five, or if the total number of the principal actors and artists is less than twenty, not less than three-quarters of the principal actors and artists were British subjects and domiciled in the United Kingdom,

that film is, subject to compliance with such conditions as the Commissioners may by Regulation prescribe, treated for the purpose of the above duties as being blank film. The expression "artists" includes the person working the photographic camera by means of which the pictures composing the film are taken.

(2) Negative cinematograph films which are certified by the Board of Trade to satisfy the requirements of Section 27 (3) of the Cinematograph Films Act, 1927, and parts of any films so certified may, subject to compliance with such conditions as the Commissioners of Customs and Excise may by Regulation prescribe, be treated as if they were blank film. Briefly stated, the requirements of the section are that the film must have been made by a British subject or company; the studio scenes must have been photographed within the British Empire; the author of the scenario must have been a British subject; and a prescribed percentage of the salaries and wages spent in the production must have been paid to British subjects.

3. Certain scientific and educational films, whether positive or negative, are exempt from duty. Details are as follows:—

(1) Any cinematograph film which is certified by the Royal Society of London for promoting Natural Knowledge to be solely an illustration of scientific investigation for exhibition before members of a recognised scientific body and which is imported only for the purpose of such exhibition free of charge is exempt from this duty.

(2) Customs duties are not chargeable on imported educational cinematograph films which are certified by the Board of Education under Section 7 of the Finance Act, 1935. The expression "cinematograph film" for the purposes of the section mentioned means a developed negative or positive cinematograph film and includes both a gramophone record or other form of sound reproduction complementary to such a film and a developed negative or positive sound track.

APPENDIX IX.

Employment in the Film Producing Industry.

The only official information available concerning the number employed in the film producing industry is that contained in the Census of Population taken in 1931.

The Occupation Tables in connection with that census show 454 persons employed as film producers or film studio managers in England and Wales and one in Scotland.

The Industry Tables show a total of 5,963 persons employed in film producing and film studios in England and Wales. These are subdivided into 3,961 males and 2,002 females, and are also subdivided into:—

Employers, directors, managers, 439—416 males and 23 females—of whom 297 were branch and departmental managers;

Operative employees, 5,457—3,496 males and 1,961 females; and

Working on own account, 67—49 males and 18 females.

The above figures are exclusive of 675 persons who were out of work when the census was taken. These are subdivided into 516 males and 159 females.

The total number of persons employed in film producing and film studios in Scotland was 65—39 males and 26 females.

The above figures do not include the artistes and persons employed on crowd work.

There have been considerable developments in the film production industry in the United Kingdom since 1931 and it may be assumed that at the present time employment is substantially greater than is shown by the above figures.

APPENDIX X.

Films registered under Provisos (i) and (ii) to Section 27 (1) of the Cinematograph Films Act, 1927.

1. Under Section 27 (1) of the Act it is provided that the Act applies to all cinematograph films, other than—

(*a*) films depicting wholly or mainly news and current events;

(*b*) films depicting wholly or mainly natural scenery;

(*c*) films being wholly or mainly commercial advertisements;

(*d*) films used wholly or mainly by educational institutions for educational purposes;

(*e*) films depicting wholly or mainly industrial or manufacturing processes;

(*f*) scientific films, including natural history films.

2. Under proviso (i) to the Section the Board of Trade are authorised to register for full quota films falling within any of the excepted classes having regard to their special exhibition value. Before reaching a decision in such cases it is the practice of the Board to consult the Cinematograph Films Advisory Committee. The following table shows the number of films which have been registered under this proviso since the Act came into force:—

Renters' quota year.	Number of films registered.	
	Long.	Short.
1928–29 ..	—	8 (1 serial)
1929–30 ...	2	8 (1 group)
1930–31 ...	2	6 (1 series)
1931–32 ...	1	1
1932–33 ..	2	4 (1 series)
1933–34 ...	2	6 (1 series)
1934–35 ...	1	6 (1 series)
1935–36 ...	4	14 (1 series of 6; 1 group of 8)
Total ...	14	53

3. Under proviso (ii) to the Section any film being a British film and falling within class (*b*), (*d*), (*e*) or (*f*) of the excepted classes can be registered for the purposes of the exhibitors' quota only. That is, the renter who acquires the film for distribution cannot count it against any foreign films which he acquires, but the exhibitor who shows it can count it against any foreign films which he shows. The following table shows the number of films which have been given E registration since the Act came into force:—

Year.	Long.	Short.
1928–29	1	16
1929–30	Nil	Nil
1930–31	3	29
1931–32	1	16
1932–33	3	32
1933–34	5	12
1934–35	1	56
1935–36	3	46
Total ...	17	207

It will be observed that the registrations under this head are mostly confined to short films and that there has been a tendency for the numbers to increase.

SECOND DAY.

Tuesday, 12th May, 1936.

PRESENT:

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
Mr. J. S. HOLMES, M.P.
Dr. J. J. MALLON, LL.D., J.P.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. F. W. BAKER, Mr. M. N. KEARNEY, Mr. A. KORDA, Mr. N. LOUDON, Captain the Hon. R. NORTON, representing the Film Producers' Group of the Federation of British Industries, called and examined.

The Committee had before them the following memorandum of the Film Producers' Group:—

FOREWORD.

In connection with the various observations and recommendations contained in this memorandum, a brief explanation of the scope and functions of the several sections of the British Film Industry may be of use to the Committee of Inquiry set up by the Board of Trade.

The Film Industry, so far as theatrical or entertainment films are concerned, is divided into three primary sections, namely, (1) Producers, (2) Renters (or Distributors), and (3) Exhibitors.

(1) Producers include both studio-owning companies and companies who produce pictures but do not own studios, merely hiring studio space as and when required. The majority of studio-owning companies make pictures for their own account and also let space (including equipment and technical personnel when required) from time to time, but one or two of them rarely make pictures for their own account, limiting their activities to the letting of stages and equipment, inclusive of technical employees. All leading British Producers—numbering 23 in all—are members of the Film Producers' Group of the Federation of British Industries, which is the official Trade organisation of the British Production Industry. Certain technically British companies, which are in fact controlled organisations of American producing companies and allied with the latter's renting organisations in this country, also produce films in Great Britain, but their activities are confined to the making of such films as are needed by their principals to enable them to comply with the law relating to British quota. These latter producers are not members of the F.B.I. Film Group, and are ineligible for membership since they are foreign controlled and—except in the strictly legal sense—are foreign companies. The purpose of genuine British Film producers is to make pictures which will be distributed as widely as possible both at home and overseas on their merits; they are not primarily concerned in making British films to supply quota to enable foreign pictures to be distributed in Great Britain, although some of them make British pictures to the order of foreign renters. The genuine British producer employs labour, technicians and artistes and expends very important sums of money annually on the making of British films. It is the business of these genuine British producers that the Cinematograph Films Act was designed more especially to foster and protect, and it is films made by these companies that tend to enhance British prestige and carry the British point of view to all places, both at home and abroad, where they are publicly exhibited.

(2) The business of renters is to rent to Exhibitors in this country the films—either British or Foreign—which they have acquired.

Strictly speaking renters have no interest other than that of renting or selling the films they have acquired to exhibitors who show them. The majority of renters in Great Britain are, although registered British companies, in fact the controlled distribution organisations of foreign producers and the object of their activities is to distribute foreign films. The genuine British renters (who are a minority of renters) are, with few exceptions, the controlled distribution organisations of British producers and, although they also distribute foreign films, their main business is to distribute British films. The interests of renters are confined to the distribution of films in this country.

(3) Exhibitors are the individuals or companies who own one or more (or a chain) of theatres in Great Britain, and their basic interest is to show to as large audiences as they can attract the films (whether British or foreign) which they have acquired from renters. Their interests are confined to the showing of films in Great Britain exclusively.

In actual practice, although their functions are separate and distinct, the three main sections of the Film Trade are closely allied. Production companies are generally associated with renting companies who handle their product, and in certain cases they control important theatre circuits. The two principal theatre circuits in Great Britain are controlled by organisations also controlling British production companies, but there are a number of theatres controlled by the organisations representing foreign producers, and in addition, of course, a large number of independent theatres. In the theatres controlled by genuine British production interests it is not unnatural that the proportion of British pictures shown as compared with foreign exceeds the minimum quota required by the law. In the case of theatres controlled by foreign interests the British quota of films is limited to legal requirements and in many of them poor quality " quota " films are shown. Many independent theatres show a considerably larger proportion of British films than the minimum laid down by law, and in the aggregate the footage of British films exhibited in Great Britain exceeds the proportion required to be shown by the present Cinematograph Films Act—a fact which can be substantiated by the official figures supplied by the Board of Trade.

Although, as stated, the interests of film producers are in many cases closely allied with those of renters and exhibitors, the views expressed and recommendations contained in this Memorandum represent only the opinion of British producers as such.

A list is furnished in Annex II giving the names of all production companies who are members of the Film Producers' Group of the F.B.I.

GENERAL OBSERVATIONS.

1. The primary purpose of the Cinematograph Films Act, 1927, when introduced was to ensure that a reasonable proportion of British films should be seen upon the screens of Great Britain—at that time almost entirely monopolised by foreign films—and to assist in the development of the film production industry in Great Britain.

2. That the Act has been successful in its main objects is beyond question. An important and rapidly increasing film production industry has been built up, the output of entertainment films in Great Britain is second only in world importance to that of the United States, and in the production of educational, cultural and general instructional films the industry of this country is beginning to take a leading position. While the growing importance of this latter category of films is not to be depreciated, it is manifest that the making of entertainment " feature " films is of by far the greater consequence since it (*a*) involves the investment of very large capital sums for the construction, equipment and maintenance of studios and laboratories and for the production of pictures, (*b*) provides continuous employment for a large number of wage earners (carpenters, joiners, scene builders, electricians and the like) as well as experts, technicians and clerical workers, in addition to artistes, directors of production and principal personnel and (*c*) consumes annually very large quantities of materials produced by British industries. Some general statistics relating to studios are furnished later in this Memorandum and indicate both the present importance of film production and its growth since 1928. They prove conclusively the development of the industry in this country since the Films Act was made law, and show even more forcibly how great is the increase in production taking place at the present time. The vast new studios just completed and others in course of construction, as well as the establishment of numerous production companies with serious financial and administrative support, are an irrefutible indication that the number of worthwhile British films available for exhibition in the near future will greatly exceed the present supply of such pictures. It is sufficient here to state that under the protective influence of the Act there has been built up and is being progressively increased an industry of very considerable magnitude, the importance of which cannot be measured by figures alone since it is inalienably associated with National prestige and British moral and cultural influence both at home, in the overseas Empire and in the foreign countries, where the popularity of British films is constantly increasing. Film producers submit that, in any consideration of the working of the present Act or of provisions that may be proposed to maintain or supplement existing legislation in the future, by far the most important section of the whole film industry from a national point of view is that devoted to production, which, among other things, ensures the retention in this country of considerable sums of money that would otherwise be expatriated. It is estimated that during the last 15 years at least £100,000,000 has been exported from this country as profits on the exhibition of foreign films.

3. Whereas the British film production industry has world-wide interests and British films can carry British scenes, themes, culture and the message of Britain to the furthest parts of the World, the interests of British exhibitors are confined strictly to Great Britain. Their purpose is to secure for showing in their theatres an ample supply of films calculated to attract their patrons, and from this point of view it is of no consequence to them whether the films they show are British or foreign made provided they draw the public to the Box Office, though it is believed that many of them desire to have a strong British production industry as an alternative source of supply. The purpose of renters is to rent to exhibitors the films they acquire, whether British or foreign, and they secure films either in the open market or from the producers whose product they habitually handle. The majority of leading firms of renters in Great Britain are the distribution organisations of and directly controlled by American film production companies. The business of British renters is confined in the main to the British Isles and the primary object of foreign controlled renters is to rent foreign films. The position of producers is entirely different for (*a*) they make British films, and (*b*) they endeavour to secure the exhibition of these not only at home but overseas also. The difference is one of fundamental and paramount importance, and it is on this account that producers claim that special attention should be given to the maintenace and protection of the production industry.

4. It is an indisputable fact that world attention is now largely directed to the developments taking place in film production in Great Britain, and producers submit that His Majesty's Government have now a unique opportunity of aiding the forward march of this important British industry and assisting it to a development which must have far-reaching effects.

5. The 1927 Act has been successful in fostering development of British film production, and in this it has been remarkably successful. The requirement that a minimum proportion of British films must be acquired by renters and shown in cinema theatres was the primary method of attaining that object. It may be contended in certain quarters that a healthy industry should no longer require legislative aid for its maintenance, but should be able to support itself without any such assistance. Reference is made later to the particular position of the film industry, which renders it especially susceptible to outside competition and particularly dependent on the home market. Since the Cinematograph Films Act, 1927, was passed the entire policy of His Majesty's Government in affording protection to industry generally has undergone modification. Whereas the Films Act was among the earliest measures of legislative assistance for industry, the principle of protection of industry has, since 1932, been widely applied with success in many other directions and is now a basic part of the country's economic policy. As the British film industry probably enjoys a smaller proportion of the home market than any other important British industry, producers venture to suggest that His Majesty's Government should not contemplate for a moment the withdrawal from the industry of the degree of legislative assistance at present afforded to it, but rather that they should favourably consider a reasonably progressive increase of Protection.

6. Producers feel it incumbent upon them to indicate what would be the unquestionable effects of a withdrawal of the existing form of protection were the Quota Act to be allowed to lapse when its main provisions terminate in 1938, and were it not to be re-enacted in some similar form with any modifications necessitated by changed conditions in the industry and experience gained during the past eight years. In their considered opinion, after very careful examination of the whole question in a series of conferences held by the Group during the past six months, producers are unanimously convinced that the complete or partial withdrawal of the protection afforded to their industry by the present Act would be disastrous. They are equally convinced that a reasonable and progressive increase in the quota will prove beneficial in the future as it has in the past.

7. In order to explain these statements it is necessary to go back to the early history of the industry. Before the war the British industry was a pioneer of film production and held an important place in the film industries of the world. During the War British production was closed down owing to the inevitable withdrawal of personnel and supplies of material. On the other hand the cinema theatres were kept open and supplied with films produced in the United States. The American industry was thus enabled to build up a gigantic distribution organisation, based on its large home market, and to acquire a substantial control of the British market, both in Great Britain and throughout the Empire. This control was cemented by the practices of advance booking and block booking of films, i.e., the American companies compelled British exhibitors to book their films for long periods in advance (up to two years), thus shutting out British pictures, and to book in blocks, taking both good and bad product together. These practices still continue, and American renters will be able to maintain them unless prevented by law until such time as the British industry can provide exhibitors with a really equivalent source of supply. America has now about 18,000 theatres as against the 4,500 theatres in this country. In Hollywood it has a large city entirely devoted to film production, to which artistes and technicians flock from all parts of the world. American producing companies can spend £200,000 on a picture and recover the cost and a reasonable profit in their own country and can then afford to sell the picture in the British market for a sum which would not yield to a British company a profit on a picture costing a quarter of that amount. On the other hand, it has not yet been possible for British pictures to earn any substantial revenue in America. It is only by the help of the Quota Act that British companies have been able to build up an industry in competition with the dominant American industry, and if this protection were withdrawn, the following results would inevitably ensue:—

(*a*) The general predominance of foreign films would be restored throughout the entire British market.

(*b*) As the British production industry dwindled, prices for foreign films offered for rental here would tend to rise, and (since films recorded in the English language are the only ones likely ever to find favour with the mass public in the Empire) British exhibitors would be compelled to accept pictures at the prices offered by an organised foreign industry, or close their doors.

(*c*) The results would be:—

(i) The imperilling of the large capital sums invested in British studios.

(ii) Reduced demand for labour of all kinds in film studios and in the industries supplying the trade.

(iii) Serious reduction in the values of cinema properties.

(iv) Loss of National prestige and the social influence of the British film throughout the Empire, with a corresponding increase in the influence of foreign films.

(v) The eventual eclipse of all British films, loss of the growing export trade in such films and diversion, mainly to America, of the profits now being made by British producing companies.

8. The above results must be obvious to anyone having the slightest knowledge of the film trade as it exists to-day. It only remains, therefore, to put forward proposals for renewed or amended legislation together with explanations of the several points and the suggestions arising out of them.

Explanation of the working of the present Act.

9. The existing Act has, generally speaking, worked well. It is familiar to and understood by all sections of the trade, and its main provisions have been successfully applied without undue hardship in any quarter. In any re-enactment it would not appear necessary to alter the basic form of the quota provisions of the law, although there is certainly need for modification of some of its provisions.

10. Fundamental changes within the industry itself, which could not have been foreseen when the law was first introduced, have made some of its conditions ineffective in practice. The ingenuity of individuals has succeeded in evolving methods of evading the spirit of the law if not its letter in certain respects. In any new Act it would seem essential to make these evasions no longer possible.

11. The present Act establishes two chief obligations namely (*a*) upon renters to acquire for the purpose of rental a percentage of British films in proportion to all films acquired, and (*b*) upon exhibitors to show a percentage of British films in proportion to all films shown. In both cases the percentage (or quota) is based on the total footage of *all* registered films handled during a given year. Other provisions require the trade-showing of all registered films before they are offered for rental (this to prevent " blind " booking) and limit the period of advance booking to exhibitors (this with the object of preventing the reservation of play-dates too far in advance by renters having a large and regular supply of foreign product). The law clearly defines what constitutes a British film and indictates the categories of films that may be registered.

12. Reference should be made to the statements of exhibitors that the existing quota is a hardship to many of them, despite the fact that the number of British films has increased and is destined to increase much more in the immediate future and that the quality of genuine British films has vastly improved in comparison with the output of some four or five years ago. In the aggregate exhibitors have, as stated in the foreword to this memorandum, shown a considerably larger proportion of British pictures of recent years than the law requires. The cases of genuine hardship are relatively few, and the Act already provides for the exemption of exhibitors who can prove inability to comply with its terms. The very few prosecutions for non-compliance indicate that the vast majority of exhibitors can readily fulfil their obligations. Some exhibitors are understood to incline to the view that an immediate substantial reduction of the exhibitors' quota is the only means of meeting their alleged difficulties; producers, on the other hand, are confident that the position can be remedied by the provisions suggested in this memorandum without recourse to so retrograde a step. In the opinion of British producers the main difficulty of such exhibitors as are affected is due to the fact that, while the Act of 1927 established the percentages of British films that must be acquired for rental and exhibition respectively, it made no stipulation as to the quality or entertainment value of the British films required to be handled. At present any picture made within the British Empire in accordance with the provisions of the Act is eligible for registration as a British picture and to serve for both renters' and exhibitors' quota, whether its quality is good, bad or indifferent. The result of this omission is that whereas to-day an increasingly large number of first-class films is produced in British studios, which compare favourably in technical quality, entertainment value and earning capacity with the best films made in any country, a considerable number of films is at present produced in Great Britain whose quality is so indifferent as to cast a slur upon the value of all British films. These poor quality films are made almost entirely by or for renters whose main business and sole interest is the distribution of foreign films in this country, and who are not gravely concerned with the quality of the British films they must acquire to meet their legal obligations—indeed the very poorness of quality of the British films they distribute helps by contrast to emphasise the better quality of the foreign films exhibited in company with them. It is common knowledge that many of these films—scathingly referred to in the trade as " quota quickies " owing to the fact that, for purposes of economy, they are hurried through the studio in the shortest possible time—are lamentably poor in entertainment value and do much to detract from public appreciation of British films as a whole, since the general public has no means of knowing the true situation.

13. Both British producers and exhibitors suffer from these poor quality British films made for no other purpose than to enable foreign films to be distributed in this country. Their existence is the principal cause of any difficulties encountered by exhibitors in complying with the law, and is doing considerable harm to the reputation of the British production industry both at home and overseas. It is the purpose of British producers, and they believe it to be the desire of all sections of the British film trade as well as of the public generally, to bring about the elimination of the " quota quickie " and its disappearance from the screens of this and other countries. If that can be done (and British producers are confident that it can and will be done if the proposals put forward in this memorandum are adopted and enacted by Parliament) the prospects of the British film industry as a whole will be immeasurably improved, the position of exhibitors relieved and the way paved for an important development of the entire British film industry.

14. A second factor which handicaps British exhibitors in obtaining supplies of British pictures is what are termed " barring clauses ". These are clauses in hiring contracts between renters and exhibitors restricting the showing of pictures in specified theatres in certain areas or theatres generally (other than indicated theatres in certain districts). Producers make no specific recommendation with regard to these " barring clauses ", which are the concern of renters and exhibitors. They would point out, however, that neither of these sections of the trade can logically argue a case for a reduction of the quota or against its increase above the present level on the ground that operation of the " barring clauses " makes it difficult for exhibitors to obtain sufficient British pictures for quota purposes. If this is the case they have the remedy in their own hands.

15. Reference has already been made to two very serious abuses that have grown up in recent years, namely, the practices of excessive " advance " booking and " block " and " blind " booking. These practices are most injurious to exhibitors and to British producers. An attempt was made in Section 2 of the Act to limit advance booking, but it is common knowledge in the industry that these restrictions are to-day generally evaded in practice by means of what are termed " gentleman's agreements ". If effective means could be devised of coping with this evil the result would be advantageous both to British producers and exhibitors; the more rapid general release of films would be ensured, and the public as well as the British industry would benefit proportionately. Producers strongly recommend that His Majesty's Government should consider all possible means of strengthening the present law so as to ensure strict observance of the advance booking regulations. Various means of achieving this have been considered—including the possible introduction of a provision that all renters and exhibitors should be required to sign annually a statutory declaration that neither they, nor to their knowledge their representatives, have, during the period covered by the return, entered into any agreement, arrangement or written or verbal or other understanding for the booking of pictures or reservation of dates beyond the period permitted by law—but it is felt that a solution of the problem can best be left to the Government's legal advisers. Producers regard this question of advance booking as of fundamental importance in the interests of the British film industry, and consider that a satisfactory solution of the matter would be generally beneficial to the trade and the public.

16. By " block " booking is meant the common practice among renters of insisting upon exhibitors taking films which they do not require, and would not hire if free to reject them, as a condition for the rental of the better pictures they wish to obtain. Very often exhibitors have to book these films " blind ", i.e. without having seen them. It is mainly by this method that exhibitors are forced to take the British " quickies " offered to them as quota to offset the better quality foreign films they are anxious to secure. Producers do not feel that it is within their province to make general recommendations to the Committee regarding this practice of block booking, but they suggest that the Committee might examine into it and that in any event effective steps should be taken to prevent the block booking of " quota quickies " coming within the category hereinafter referred to.

17. The following paragraphs set out in detail the proposals which British producers wish to make for amendment of the Act: Where necessary the reasons for and purport and scope of the several proposals are indicated.

Proposals of British Producers for Revision or Re-enactment of the Cinematograph Films Act.

18. The purpose of these proposals is to provide for a continuation of the quota system for the protection of the British Industry, to secure the production of more and better British films, to eliminate the poor quality "quota picture," to facilitate the task of exhibitors in securing a sufficient quantity of suitable British films of quality to meet their requirements and to rectify various provisions of the existing Act so as to meet present day conditions in the film industry and ensure further attainment of the main objects at which the Act aims. Reference has already been made to the number of British films of poor quality now made for the sole purpose of fulfilling the quota obligations of renters of foreign films. This class of film must be done away with. The present tendency of production in Great Britain is to make many more films of quality for universal distribution—films which must depend upon quality alone in order to achieve financial success and which, although they may serve for quota, are not produced chiefly for that purpose. Vast new studios have, as previously stated, been constructed or are in course of erection, and their output cannot fail substantially to increase the number of high class British films that will be available for rental within the next few months and subsequently. The statistics furnished in Annexe III to this Memorandum indicate the great increase in studio capacity: they also show the increase in the number of feature films produced in 1935-6 as compared with the first year of the Film Act's operation, but they are particularly valuable in indicating the huge increase in production cost of the genuine British pictures now produced and to be produced, and the large sums of money paid out annually in the form of salaries and wages in this country.

The following are the recommendations of British Film Producers:—

Proposal 1.—That the principal substance of the existing Act be maintained, and re-enacted to cover a further period of at least ten years from the date of coming into force, the unexpired period of the 1927 Act being repealed from such date.

Proposal 2.—That the principle of the present quota system be maintained, but applied in a somewhat different manner. Quota to be a percentage of *foreign* films acquired by renters and shown by exhibitors instead of a percentage of *all* films handled as at present. All films to be registered as at present in order to be eligible to serve as renters' or exhibitors' quota, and the Board of Trade registration certificate to state clearly whether a film so registered is available for renters' and exhibitors' quota or for exhibitors' quota only, as the case may be.

Renters' quota.—Long films (i.e. over 3,000 feet in length).

(*a*) All long British films as defined in the present Act (subject to suitable modification as regards films made in overseas Empire countries and in other minor respects as herein proposed) to be eligible for registration as renters' quota.

(*b*) Long films registered for renters' quota costing less to produce than a total of £2,500 per reel of 1,000 feet, or £1,250 per reel in respect of the items required to be returned on Board of Trade Form "C," subject to a maximum total requirement of £15,000, or £7,500 on Form "C," in respect of any one film, to be described on the Registration Certificate, on all copies issued, on all invoices, in all publicity material and on a special title certificate to be displayed legibly on the screen after the main title and again at the end of the picture at every performance for a minimum period of 30 to 40 seconds, on each occasion, in the following or similar suitable manner:—

> "This picture is a *Renters' Quota Film* acquired by Messrs. to enable them to distribute foreign films."

Long films registered for renters' quota costing more than the amounts indicated in the immediately preceding paragraph not to be required to carry such certificate or display it on the screen.

No long film costing, on form "C" basis, less to produce than 15s. per foot, with a maximum requirement of £4,500 in respect of any one film, to be eligible for registration as renters' quota.

(*c*) Long British films not registered for renters' quota not to be required to carry any special description.

> (*Note* 1.—Experience has proved that there is a direct relationship between the total production cost of feature films and the expenditure for salaries and wages (75 per cent. of which must be paid to British subjects) as returned on form "C." The form "C" figures vary between 45 per cent. and 55 per cent. of total cost, with an approximate average of 50 per cent.).

> (*Note* 2.—Producers are convinced that the stigma attaching to the showing of poor quality "quota pictures" would quickly cause the public to refuse to patronise such films and that exhibitors would refuse to rent them. The pillorying of the cheap quota film would rapidly lead to its own extinction once the public became aware of the purpose for which it was produced. Only renters mainly engaged in the renting of foreign films (who are the chief offenders in the distribution of poor quality "quota quickies") would be affected by the proposed new provisions. Renters whose main business is the renting of British films on their merits would not be affected. Producers have given most careful study to the problem of the Quota Act and have investigated many plans for elimination of the poor quality "quota picture." They do not suggest that high cost of production necessarily means good pictures or that a cheap picture cannot sometimes be a good one, but experience shows that films registered for renters' quota and costing less than the figure indicated are generally bad. If a good British picture were produced cheaply it should not suffer from the "label." On the other hand, if made by a genuine British producer for purposes other than that of merely supplying foreign renters' quota, the less expensive British picture could be registered for exhibitors' quota only, rented on its merits and would not, therefore, be compelled to carry any "label.")

(*d*) Suitable modification of the Act to ensure that poor quality British pictures rented by exhibitors shall not be shown in theatres during what are known as "dead" hours. The law should ensure that British films shall be shown regularly in the regular programme.

> (*Note* 3.—Section 19 of the Act lays down the manner in which the proportion of British registered films shall be exhibited in all theatres. It has become a practice in many theatres to exhibit the poor quality

> British films they have hired during the "dead" hours of daily sessions, when but few patrons are present. If the proposals contained herein for elimination of the "quota quickie" are to be successful it is essential that steps be taken to make the special showing of British films during the "dead" hours impossible.)

Short films (i.e. less than 3,000 feet in length).

(*e*) Extension of the appropriate clause in the existing Act so as to permit of registration of certain classes of short films, as detailed below, to serve as renters' and exhibitors' short quota. The classification to include short films depicting:—

(i) Scientific subjects, including natural history (but not strictly "school room" educational films).

(ii) Documentary films generally.

> (*Note* 4.—There has always been an annual deficit of short British films available to meet short quota requirements. The production of short British films, other than purely entertainment films, but containing an important entertainment element, is being widely developed in this country, and it is thought desirable from many points of view that the production of good pictures of this type should be encouraged. If such films were permitted in future to be registered and to serve as renters' short quota, it should be helpful both to their producers and to exhibitors.)

(*f*) Short films registered for renters' quota costing less than £500 per reel to produce (or £250 in respect of the items returnable on form "C") to be described in the manner above indicated in respect of long films.

Proposal 3: *Exhibitors' quota.*—All British films as defined by the Act (subject to modification as already indicated) and registered as such to be eligible irrespective of cost to service for exhibitors' quota, whether or not they are also registered for renters' quota.

Proposal 4.—Renters' and exhibitors' quota to be fixed at the precentage rates shown in Annex 1 to this Memorandum.

Renters' quota to rise from 29 per cent. of foreign films acquired in the first year to 54 per cent. of foreign films acquired in the sixth and subsequent years.

Exhibitors' quota to rise from 25 per cent. of foreign films shown in the first year to 50 per cent. of foreign films shown in the sixth and subsequent years.

> (*Note* 5.—The third column in Annex 1 indicates the equivalent percentages calculated by the present method as compared with the suggested percentages calculated by the new method. The proposed percentages provide for the maintenance of a reasonable margin between renters' and exhibitors' quota. It will be noted that the maximum quota for exhibitors, to be attained in the sixth year of the proposed new Act, provides for the showing of one British film out of every three films exhibited. This proportion cannot be considered excessive.)

Proposal 5.—All films screened to bear a legible title showing whether they were made (*a*) in the United Kingdom, (*b*) in the British Empire Overseas, or (*c*) in a foreign country.

Proposal 6.—Provision to be inserted in the Act effectively to prevent renters from requiring exhibitors to hire a British quota picture of the type referred to in Proposal 2 (*b*) and (*f*) as a condition for the hiring of a foreign film.

Proposal 7.—New provisions in the Act to deal effectively with the present practice of evading the terms of the law as to advance booking

Proposal 8.—A new clause in the Act to permit of foreign negative being used in the making of a British film up to a maximum of 10 per cent. of the total registered length but not more than 20 per cent. of the studio scenes depicted in it (whichever is the less), without disqualifying such film from registration as a British film for all quota purposes. The cost of such foreign negative not to be included in calculating the cost of the whole film for the purposes of renters' quota as indicated in Proposal 2 above; the cost being calculated only on the balance of the footage of the film exclusive of the foreign negative.

> (*Note* 6.—It has been found from experience that it is frequently convenient for British producers, for local background or other purposes, to utilise scenes or short sequences already made by foreign companies. There should be no reasonable objection to the inclusion, if desired, of a limited length of foreign negative in a British film provided that the film as a whole otherwise satisfied all requirements of the law as to what constitutes a British film.)

Proposal 9.—The inclusion in the Act of clauses permitting the employment of juveniles in studios for the purpose of portrayal in films.

> (*Note* 7.—Detailed proposals in this connection have already been submitted to the Home Office. The Committee of Inquiry is doubtless aware that the employment of children under the age of 14 years for portrayal in films made by British producers is illegal by the terms of the Children and Young Persons Act, 1933, and the regulations of Local Authorities made under it. This restriction has proved very disadvantageous to British producers, and has resulted in their being unable to make many pictures of a very popular type which can be readily made abroad and shown without hindrance in this country, and in child actors of talent being taken abroad for employment. The whole question has been most carefully studied by British producers in conjunction with labour and educational interests, and detailed representations have been made to His Majesty's Government. In these proposals the fullest provision has been made for safeguarding the welfare of the children. Producers suggest that any re-enactment of the Films Act would provide a suitable opportunity for dealing with this matter.)

Proposal 10.—Abolition of the clause in the existing Act granting to films made in any parts of His Majesty's Dominions the same facilities as are accorded to United Kingdom films to serve for renters' and exhibitors' quota purposes in Great Britain, and the introduction of provisions for reciprocal treatment of films made in Empire countries according as their domestic laws favour or penalise United Kingdom films.

> (*Note* 8.—The present Act gave to producers in all parts of the British Empire the same advantages as were accorded to United Kingdom producers, and it was confidently anticipated that as time went on an Imperial quota for British films would be established in all the principal Dominions and Colonies. As events have proved, however, in the course of the last eight years, no British territories, with the exception of certain of the smaller Colonies, have introduced and applied quota legislation in favour of British films. On the contrary certain States of the Australian Commonwealth have introduced local quota regulations requiring

> that a proportion of home-produced films shall be exhibited, without extending the advantage of such quota legislation to films produced in the United Kingdom. This state of things is dangerous to United Kingdom films as they will be eligible for quota in Great Britain only, whereas, unless the terms of the present Act are modified, Australian films will be eligible for both Australian and British quota, which will make them more attractive to the foreign renters who supply both markets. Furthermore, there have been instances of films made in the Empire for purely local purposes being acquired by foreign renters here at negligible cost for the sole purpose of serving as quota to match foreign films. It is felt that in equity the provisions of the present Act should be amended so as to exclude from its benefits films produced in other parts of the Empire except to the extent to which the laws of such countries accord commensurate advantages to United Kingdom films. The modification of the Act in this respect in the manner indicated would not debar the adoption of an Imperial quota scheme, should such a scheme be agreeable to various of the Dominions at a future date.)

Proposal 11.—Abolition of the clause in the present Act requiring that the author of the scenario of a British film shall be a British subject.

> (*Note* 9.—This clause has always been a hindrance to British producers and, while all of them are anxious to use the services of British scenario writers, it is strongly felt that this work should not be limited by law to British subjects).

Proposal 12.—Section 1 (2)—in conjunction with Section 5 (4)—of the present Act makes it illegal to show to the public a film for which application for registration has not been made, except in one theatre only for a number of consecutive days. This restriction has been found in practice to operate to the disadvantage of British producers as compared with their competitors abroad. While the purpose of the sections quoted is obvious and their desirability recognised, it would be to the advantage of British producers if a modification could be introduced in the law to permit of their "trying out" a film at consecutive performances in a reasonable number of centres before application for registration. Public reaction to a picture in various parts of the country is a most useful guide to producers in finally deciding upon the completed version of a picture for general exhibition, and a modification of the law to permit of this would be of considerable help to producers without reducing the value of the general requirement that all pictures shall be trade-shown before application for registration.

Proposal 13.—That the existing penalties for failure to comply with various provisions of the law should be amended in a new Act as follows:—

> Part 1, Section 3.—Increase to £250. Licence liable to cancellation after third offence.
>
> Part 4, Section 28.—Increase penalty to £100.

Proposal 14.—That steps be taken to provide for the supplying to the Government particulars of films made for public entertainment other than those required to be registered by the Act.

> (*Note* 10.—This is merely a recommendation. It would be extremely useful if more statistics of the film industry were available, and at present there is no record of films other than those required to be registered).

116. (*Chairman*): I understand that Mr. Baker will in most cases answer. If there is any matter on which some other witness has anything to say, of course, we shall be glad to hear you; but in the ordinary way we do not expect five answers to each question, and it may be that in some case Mr. Baker may wish some other witness who is specially interested in a particular point to answer for the whole side. Since we have had your memorandum of evidence we have also had a very interesting table put in, I think only this morning, showing the remarkable development in the industry. (Annex III.) I am not proposing to take you right through the evidence, we have all read it very carefully, but I would like to ask a few questions which seem to arise out of it. Before we begin on the detail could you tell us on what conditions producers are eligible to your group. You mention that companies technically British but controlled by foreign interests are not admitted. I wonder how you measure the control by foreign interest?—(*Mr. Baker*): My Lord, all British producing companies are eligible for membership to the Federation of British Industries, presuming that they have at least made one British picture. That is to say, there must be evidence that they have made a British production and being a British company they are eligible for the Federation of British Industries. That includes all the British producing companies in England.

117. Do you not here say that:—

> "These latter producers"—that is those who make films in this country but whose activities are confined to the making of such films as are needed by their principals to enable them to comply with the law relating to British quota—"are not members of the Federation of British Industries Film Group and are ineligible for membership since they are foreign-controlled and —except in the strictly legal sense—are foreign companies."?

So that it would appear you rule out people who do produce films in England. How do you measure the foreign control?—The question of capital and the regulations applied to membership of the Federation of British Industries generally. The companies or firms must be mainly financially controlled in this country.

118. You get a list of shareholders?—Yes.

119. And you see the majority?—Yes, that, of course, is decided by the Federation of British Industries, of which no doubt you know.

120. It is not you who exclude?—No, it is the Federation of British Industries who elect.

121. It is a committee of the Federation of British Industries?—And similar rules apply to all manufacturers in this country.

122. Are there any important producers outside the Group with studios?—No, my Lord, there are no important producers outside the Group. One may assume that the Group represents British production.

123. There are many films produced by companies backed by foreign capital?—Yes, but those individual units in the main are members of the Group, my Lord.

124. Really this provision about foreign control does not apply?—I think it can be dismissed, yes.

125. These foreigners who produce films in Great Britain, but who only produce for these foreign principals, are excluded. You have just told us there is no important producer in this country who is not a member of your Group?—That is so.

126. I am a little puzzled as to what that means? —I will explain it at length, my Lord, if you desire.

127. Let us clear this up. You say the people with foreign control are not members, and yet you tell us that all the substantial producers are members. Is there not a considerable number of substantial producers in this country who are under foreign control?—No, they are not producers in the strict sense of the word. American companies engaged in business in this country are not able themselves to produce films because they would not be termed British films if they made them and

therefore they contract out and engage small companies or persons some of whom are members of the Film Group of the Federation of British Industries to make films for them, and in that way some "quickies," or the cheap films referred to in the memorandum, have been made by members of the Federation of British Industries.

128. So the controlled organisations over here are not members?—That is correct.

129. I see. You speak of the importance of the industry. Have you any figures as to the amount of labour employed on production?—Well, my Lord, the film producing is mainly in the studio. Producers are large purchasers of manufactured material. We have evidence, if it is desired we submit it, that about 5,000 persons are directly and permanently engaged in the studios in this country at the present moment, but that does not by any means represent the amount of labour engaged in British film production generally.

130. In regular employment?—That is regular. That takes no account, my Lord, of artists. You will appreciate that artists have varying salaries and therefore we take no account whatever of artists of any description or casual labour in mentioning that number.

131. What sort of number of artists is there?—That is very difficult to say, and I could not really furnish the number of artists who are regularly or irregularly employed. Of course there is a considerable number.

132. Have you any figure as to the annual cost of production?—We have that on the statement handed in.

133. £5 million?—The fourth column gives the cost of productions during the last year as approximately £5 million and a third.

134. That covers everything? That is gross?—That covers the whole of the films therein referred to.

135. This is "Form C" expenditure?—No, it is not "Form C." It is the cost of production.

136. And, of course, this is only feature films. I probably ought to know. Do your companies produce many non-feature films?—In this country there are not a very large number of short films made for reasons that are known to some members of your Committee, but one is pleased to say that the number of such films is increasing.

137. But your Group is concerned with whatever is produced in way of short films?—We only mention the features here for the purpose of clarity. In addition to those features there are a considerable number of short films made, not so many as one would hope, but we believe our proposals would stimulate further the making of short pictures.

138. The cost of those films is outside this £5 million?—Oh, yes, that is entirely apart, as also is the cost of news reels, etc.

139. The majority of more important renters in Great Britain, you say in your foreword, paragraph (2), are, although registered British companies, in fact the controlled distribution organisations of foreign producers and the object of their activities is to distribute foreign films. I am rather puzzled about that, because I think I have seen there are nine foreign-controlled renters and altogether 65 renters licensed?—The majority of principal renters in Great Britain are, although registered British companies in fact, the controlled distribution organisations of foreign producers and the object of their activities is to distribute foreign films. That is a statement of fact, my Lord, and if you refer to the number of renters that are licensed by the Board of Trade that might be very deceiving because there is a large number of comparatively small renters. We are dealing here and looking at it from the point of view of the number of films that are produced and distributed.

140. Taking the actual output of films?—Yes.

141. The majority of films rented are controlled by people under foreign influence?—Yes, and when the Act came into force it was generally recognised the amount of film so controlled varied from 91 to 95 per cent. The Act has met that position to a considerable extent.

142. In the same way you say there are a number of theatres controlled by organisations representing foreign producers, and I have not appreciated that foreign producers had a very large interest. We have heard there are 12 Paramount theatres, and a few in the West End of London. Are there any other considerable groups under foreign control?—We say in the case of theatres controlled by foreign interests the British quota of films is limited to legal requirements and in many of them poor quality "quota" films are shown. We do not say the number of theatres, my Lord.

143. But I rather infer it is a considerable number. It is not really very large?—We do not say it is a large number.

144. In fact are there any other groups larger than the 12 Paramount?—No. Unless one takes into account the American capital in the Gaumont-British organisation.

145. In paragraph 2 of your "General observations," you say the Act has been successful in its main object. Would you say it is the Act, or the invention of the sound film which is primarily or mainly responsible for the increase of British films? I would like your opinion as to the relative importance to be attached to the Act, or the comparative importance to be attached to the Act and the invention of sound films?—Oh, well, my Lord, there is no doubt in our minds that the Act has been mainly responsible for the increased production of British films. My mind goes back to the year following the War, when the screens of this country were almost exclusively occupied by American films. In 1920 and 1921 British producers were very much concerned because of their difficulties in getting British films on the screen, and Lord Beaverbrook, who then had considerable interest in the film business, called the whole trade together to see what could be done to correct this very important matter and also to permit the public to see newer films because at that date the exhibitors, the theatres, were booked up for a period of not less than 18 months ahead with the result that the films, foreign and British, on the screen were very old. A considerable amount of money was spent by British producers in those days in an endeavour to find a solution, and arising out of that, His Majesty the King (then, of course, Prince of Wales), interested himself by attending a luncheon and the British National Film League was formed. The main ideas of Lord Beaverbrook were not successful because we could not get the foreign renters or distributors to agree with the British distributors of those days to limit the number of pictures. There was an endeavour to control releases and so on, and in 1921 I associated with Colonel Bromhead, and I wrote to Colonel Bromhead in November, 1921, and said, "As a trade we cannot correct this evil of blind and block booking but let us British producers endeavour to do so," and arising out of that the British National Film League was formed, and in 1921 one of the conditions was that films should not be booked until after the trade show and that no booking should be arranged more than six months ahead. So you see we were anticipating many years before the Act came into force some such regulation as did eventually come into force.

146. In fact that voluntary arrangement was not altogether successful?—That voluntary arrangement was a complete failure.

147. Block booking became an even greater problem among British producers than American?—Colonel Bromhead on behalf of Gaumont Company and other producers at the time and myself were very interested and probably put our businesses in jeopardy in the endeavour to break down the strangle-hold the American companies had in those days on the screen.

As I say we were not successful and one after another the producing companies either failed or turned out very very few films, and that led up, of course, to the consideration of the Government and to the 1927 Act, and that was, of course, a necessity in those days, and in my view, and I am sure in the view of my confrères, it is no less necessary to-day.

148. Yes, but you are talking of the time before sound films, and is it not the case there is such a prejudice on the part of the public against the American accent and in favour of the King's English that quite apart from the Act you have had a great assistance to British production?—I would agree generally, but I think there is a tendency grossly to exaggerate that advantage, because we know very well that the Americans quickly corrected their films in the matter of speech. I have no doubt that we have all noticed the improvement, or the alteration in the speech of American artistes, and so on, and I think that ought not to be exaggerated—the advantage that the British industry had in relation to sound. I would be willing to admit a slight temporary advantage in the matter of sound, but I would not agree that it was a permanent advantage.

149. In your "General Observations," at the end of paragraph 2, you put the estimated export of payment from this country for foreign films at £100 millions during the last 15 years. Is there any published basis for those figures?—Well, my Lord, there are ways and means of estimating the amount because we do know the gross values. Shall I say, we do know the gross booking value, or the box office value, of theatres in this country, and the percentage of American films that are screened in those theatres, and we can by that and other methods arrive at a fairly accurate, but of course estimated, amount of money earned by American films, all of which is sent out of this country except the necessary percentage for the distribution and costs that occur here.

150. You say in the next paragraph that the position of British producers is very different, they make British films, and they try to secure the exhibition of these not only at home but overseas as well. Either now or in a separate memorandum I wonder could you give us details as to the export of our films? We have seen figures about the British Empire, but it would be interesting to see what the foreign market is. There the sound film is telling against us just as much as it is telling in our favour in this country?—You mean excluding the Colonies and our own possessions?

151. Yes. It would be interesting to have details also for the Dominions because we have only got the footage and not the distinction between positives and negatives?—I have no doubt we could prepare a memorandum giving those figures. (*Mr. Kearney*): It would be quite impossible to prepare a memorandum showing the returns of revenue earned by British companies with their films overseas unless the overseas sections of the various companies will give us particulars of what they earn.

152. Can you not tell the amount of film you export?—You can tell the amount of footage of negative and positive film exported, but that has no relation to the value of those films from the rental point of view. A thousand feet of film with a subject of no value upon it counts the same as a film of extreme value in statistical returns. It is what films earn that matters, and not the footage, that is why the Board of Trade and Customs return of footage has no relation to values at all.

153. In the absence of statistics can you give us your impressions as to whether it is easier now to find a market for British films in foreign countries?—It certainly is not easier to find markets to-day that before, because every foreign country is imposing restrictions of one kind or another; but to-day there are far more British films shown overseas than four years ago, at least they earn more in some cases in very much better conditions. They are gradually becoming more successful.

154. In the United States of America too?—Yes, in the United States of America too; as worth-while pictures go out so they are beginning to earn more. (*Capt. the Hon. R. Norton*): I think it would be quite possible to ask these companies if they would give us the figures of rental. (*Mr. Baker*): I think, my Lord, if that information would be of use to the Committee we could get the companies voluntarily to give us that information or some figures that would give you the information you require.

155. I think it would be of value to us, we should like to see how far the existing system has been affected and how far foreign systems have put countervailing difficulties in your way?—You remember nearly all countries have been following the lead this country took in the matter of quota and the difficulties in that direction do not decrease because they all aspire to show their own national films.

156. That gets me to the point which you make in paragraph 6. You anticipate serious setback unless the Act is re-enacted in some similar form with modifications. Of course, it is an unusual form of protection. You quote the protection which other industries enjoy, and I should be glad to know whether you have considered alternatives and whether you think protection by tariff would be ineffective in the case of films, and whether you have examined the methods adopted by foreign countries and find they are less effective than the rather complicated machinery which we have here?—We have from time to time given consideration to other forms of protection, but the trade generally is very firmly of the opinion that only by the compulsory screening of a given quota of British films can the British industry be maintained and increased. Apart altogether from other objections there would be a very serious difficulty in endeavouring to tax films coming into this country because their value is unknown for one thing until they have done their work.

157. But is there an advantage in the quota as compared with the system which they have in Germany?—Yes.

158. So many films are allowed every year—I do not know whether they are divided among countries, but there is a maximum?—Yes. I think it is only the inverse way of the quota. They allow so many films to come in and we, on the other hand, say, "For all the films that come in you must have a certain quota of British pictures". (*Mr. Korda*): That position is entirely different. We have competition with the same language. In Germany English counts for very little, and in France an English or American film counts for very little. Here, on the other hand the Americans can import 200, 300, 400 or 500 pictures, all in English, while the German or French producer has no real competition at all. (*Mr. Baker*): You appreciate the point, my Lord, that in this country the American language is supposed to be identical with the language that we know here, and therefore all those films are welcomed here, or get shown here in contradistinction to the Continent where American or English is a disadvantage to those films.

159. I gathered from Mr. Korda's remarks that French and German films are more welcome here than British films in France and Germany?—(*Mr. Korda*): No, French and German films here are absolutely negligible. They are played in two or three theatres in the West End only and in a few others in the larger cities.

160. Successes have been in London?—I do not think they are 1 per cent. (*Mr. Baker*): They cannot be calculated.

161. The real problem is the American film. Then, in paragraph 7 you say it has not been possible for British films to earn any substantial revenue in America. Do you see any prospect of effective entry into the American market?—Well, that is a very difficult question. I was going to say we have been

trying to get a foothold in the American market as long as I can remember, but there have undoubtedly been many serious efforts over the last 10 or more years, and to-day, as you know doubtless, there is a revival of the endeavour to get British pictures on to the screens in America, and it is encouraging—I do not think one could say very much more than that. We do know of British films that have had remarkable screening time in America.

162. (*Sir Arnold Wilson*): Were they the best films or the worst?—They were the best British films.

163. (*Chairman*): Then, in paragraph 7 (*b*), you point out the danger of decreasing the British industry and the likelihood of American interests taking advantage of it to hold the exhibitor to ransom. I suppose the contrary tendency would have a contrary effect? If too strong protection is given to British producing industry, there is a danger that they may in their turn impose——?—I do not think so, my Lord, because we have not seen that in other industries. One remembers the time when most of our roads were covered with American cars; but to-day anyone of us can buy a motor car to suit his particular purse in this country. Protection has made that industry and increased production—and has increased production at the right prices.

164. It is so tremendously costly to produce films that it must remain in the hands of comparatively a small number of groups, and is there going to be sufficient competition between those groups?—My view is that some of the recommendations of our proposals encourage the production of films by additional units or companies, probably many of them small, and I and my confrères believe if we have this quota, if this continues and increases it will encourage other producers to commence business, because they will have the security of being able to sell their production at home, and I think competition will seriously increase in the production field and that there is no chance whatever of the British producing interest having the strangle-hold on the screen.

165. I would like to come to paragraph 13. You say exhibitors suffer from the poor quality British films. How is it the exhibitor is forced to show these films? Is it the effect of the continuance of block booking?—Yes, to a large degree, my Lord, many of the American companies, or the American business generally, are in such a position that they are able to force the exhibitor—and always have been with the reservation that the Act restricts them somewhat—but they have always been able to force the exhibitor to take not only poor American films, but the cheaper British films that they have had to acquire for quota.

166. It was anticipated measures against blind booking would check block booking, but in fact that object has not been achieved?—In so far as that is concerned the Act has not been entirely successful, because there did spring up in the trade a form of—shall we call it—the "gentleman's agreement"—we coined the word. There were understandings between exhibitors and the American companies that they would reserve dates for the American product. The British companies at that time were very much concerned, and it would be assumed they did not do that and held back for a considerable period of time. Perhaps we are taught to observe an Act of Parliament in spirit as well as in word, but eventually I must confess the British renters had to follow suit because the showing dates were passing to the American distributors.

167. If you stopped blind booking by methods which you are coming to, you still will not necessarily be able to stop block booking which apparently compels the exhibitor to take bad films. Do you see any remedy for that?—No, I do not see any absolute remedy.

168. You could shorten the range by stopping blind booking, but you will not really affect the system?—Except this, my Lord, I believe the number of British films on our screens will always be regulated approximately by the quota, that is to say, if the quota was 5 per cent. the strength of the foreign competition is such that approximately there would be 5 per cent. screened, and if the quota were 50 per cent. there would be 50 per cent. British films on the screen, because exhibitors would be forced to reserve dates in order to play British films. That is the corrective of block booking, the quota, because the exhibitor will not block book if he knows he has to comply with an Act of Parliament and show 20, 30 or 40 per cent. of British pictures. He has to reserve dates for those films, and he does so.

169. The remedy is to ensure there is an adequate supply of good British films, if you can get that?—Well, I think the proposals we make for the quota on distributors together with the increased production provided for will look after that.

170. You do not see any prospect of doing without the quota on renters also? You would not leave it at a quota on the exhibitors? Is there not sufficient production to let the exhibitor look after the whole issue?—Do you mean to relieve the renter of the quota? No.

171. You do not think you could do without the renters' quota?—Oh, no. The renters' quota surely is necessary in order to provide films, to fill the exhibitors' quota.

172. I do not think necessarily. There might be such a volume of production in this country that the exhibitor could find all the British films he wanted without the obligation on the renter to supply films beyond those that he wanted to supply?—My view, my Lord, would be that abandonment of the quota on the renter would immediately tend to stop, and very quickly stop, the production of many British films.

173. At present you certainly could not do without it by the figures, but if British production was expanding and there was an ample supply of really good films, and the exhibitor would be free, therefore, from the effect of block booking, presumably in his own interest he would leave out badly produced British films?—I am afraid I cannot see the day when we should be able to leave out the quota on the renter. (*Mr. Korda*): Surely the quota would not be necessary if there were enough good British pictures made by two, three, four or five different firms? It is not necessary that every single renter should distribute a certain quota of British pictures, so it is possible to think of a day when only good British pictures are produced and an exhibitor can find all his quota from British renters; but for the moment I do not think that could work yet. (*Mr. Kearney*): It is also the method by which the trade is carried on. The exhibitor inevitably must get his pictures from a distributor. There are classifications of distributor as mentioned earlier. We were speaking of the foreign distributor (although he may be technically British, and is a registered British company), but as a foreign distributor, his main purpose is to rent his foreign films and he would rent no English films at all unless he were obliged to do so for quota purposes. It is only because there is a renters' quota that the foreign renter—I use the word in its generic sense—distributes any British films at all. To-day he has to distribute 20 per cent. of British out of 100 per cent. of his total distribution, but he would not distribute any British at all unless he had to do so by law.

174. (*Dr. Mallon*): Would it matter very much if there were English distributors who specialised in the distribution of British films?—Possibly not, only that he would book most of the dates for his foreign films and leave few dates for British pictures to be shown. (*Mr. Baker*): One must keep in mind, the

undoubted superiority or strength of the foreign companies. You see their strength is such to-day that the British film industry could not live unless quota and other regulations were framed to force renters to acquire, and compel exhibitors to show, British films.

175. (*Mr. Holmes*): Shall we pursue this particular point? The point I want to put is this: supposing Parliament decided that in future every exhibitor in this country should have 50 per cent. British films for 10 years? That would encourage production of British films. I cannot see that it is necessary for the renter to be compelled to take any quota of British films, because the effect, if Parliament had laid down that 50 per cent. of the cinema theatres in this country should exhibit British films, would be that they would be made—that would encourage the film makers to make British films. There would then arise, surely, in London, a number of renters who would concentrate on British films and the cinema people, exhibitors, would know that they could go to these renters to get their British films. They could not fill up with foreign films, they could only half fill the theatres with foreign films?—Well, I do not suppose the producers would have any great objection to that, but I think our friends, the exhibitors, would say it would be very unfair to compel them to show 50 per cent. of British pictures without the similar compulsion on someone or other to make those pictures. That is the answer to that question.

176. I am talking about the renters, and they are not going to make the pictures?—They have to acquire them, and that is the same thing. The renters have to acquire the pictures, and in order to acquire British films they have to be made in this country.

177. What you are trying to get at for the moment is the making of more British pictures and the employment of more people than the 5,000 regular employees you have got. The quota, as far as the exhibitors are concerned, will encourage the making of these British pictures?—Yes, that is agreed, and I do not suppose we, as producers, would have any grave objection.

178. I cannot see how the renters would come in either to encourage British producers to produce films?—(*Mr. Korda*): Foreign renters simply acquire or have made what they are compelled to, and do so as cheaply as they can. They acquire British pictures for £2,000, £3,000 or £4,000, and every Saturday and Sunday night one can go into some of the biggest cinemas in the West End, and the people go to jeer at the British picture and to make fun of it.

179. I thought you said the renters?—Yes, the renter is compelled so far to rent—to acquire—to put on his renting list—a certain number of British pictures. It is the renter who promotes the making of quota pictures of the type we are discussing.

180. Yes?—And they have to go to someone to make them.

181. Yes?—And they go to some firm and say, "We need 10 pictures. For how little can you make them?" and they try to make them for £40,000 or £30,000. To-day renters can buy their pictures for £2,000 or £3,000 each.

182. I still cannot see why putting the quota on the renter will make any difference?—I fully agree with your point. The foreign renter so far did nothing to help the British film industry, and if he could be cut out we would be dealing with one opposition less and have over 100 less bad pictures. In my opinion the method you suggest of saying to the exhibitor, "You have to devote half of your screen time to British pictures," would inevitably lead to the growth of the British film industry. (*Mr. Baker*): I do not think that. (*Capt. the Hon. R. Norton*): I think there is grave danger in this because it would automatically encourage a lot of cheap production taking up screening time, and the bulk of the revenues for screening would still go to the important American pictures.

183. (*Chairman*): I think we shall have to pursue this separately afterwards. When I asked the question I did not at all wish to suggest that it could be done at the present moment, because I quite appreciate that there would be a disastrous amount of dislocation if you did such a thing suddenly, seeing that the foreign-controlled renters produced 35 of the worth while British films last year as against 113 altogether, so that obviously the British production of films is not yet big enough to enable you to drop out these people producing in accordance with a foreign-controlled renters' quota. I only asked the question as to what might happen when the industry got stronger, and your answer is that you do not foresee any prospect of that?—(*Mr. Korda*): I do not foresee any immediate prospect of that.

184. (*Mr. Cameron*): Is it the view of producers that eventually the renters' quota is a thing to be eliminated?—(*Mr. Kearney*): Eventually, perhaps. (*Mr. Baker*): Yes, with the reservation, of course, that there shall always be a quota of British productions on the screens.

185. (*Chairman*): Yes, the exhibitors' quota is the effective thing?—(*Mr. Kearney*): I wonder if I might answer; I do not want to depart from your ruling that only one of us should speak, but you referred quite early in this meeting to our having said that the majority of renters were foreign and the minority were British. May I say that that really refers to the principal renters. That there are registered with the Board of Trade a large number of renters I do not doubt, just as there are hundreds or thousands of companies registered at Somerset House which never function. There are many renters who distribute one picture or a few pictures. Of the main renters (perhaps a dozen or fifteen), the majority are foreign, but they are technically British in that they are registered British companies; but their interests are entirely foreign. That is the position.

186. Well, shall we come to paragraph 14, where mention is made of "barring clauses" You say they are a handicap on exhibitors. It seems to me that they are rather to the advantage of exhibitors. It is a mystery to the people outside the industry how you avoid overlapping, how an exhibitor can be sure that when he has arranged to show a film at a certain date, somebody within reach of his public will not have shown it just before, and is it not essential that you should have some such arrangement?—It is, my Lord; we must have a contract. A contract is entered into, we will say, by A theatre and automatically B, C, D and maybe others are prevented from showing that same film, and that operation is called barring. They exhibit a film and thereby one, two or more theatres are prevented from showing that same film because they are in the locality.

187. Well, you could not do without that. You say that if the operation of the "barring clauses" makes it difficult for exhibitors to obtain sufficient British pictures for quota purposes, they have the remedy in their own hands. They could not drop the barring arrangement, could they?—Yes. The complaint, if I may say so, is that certain theatres perhaps take an unfair advantage of their position or power and bar more theatres then they would reasonably be entitled to do. (*Mr. Korda*): Chains of theatres. (*Mr. Baker*): Chains of theatres; and we say, "Well, that is very unfortunate, but it is a contract between a renter and an exhibitor," and the remedy is in the hands of the exhibitors themselves to prevent these unreasonable barring clauses.

188. These unreasonable barring clauses?—(*Mr. Kearney*): You see, my Lord, the exhibitors claim that there are not sufficient British films to go

round, so to speak; that the barring clauses add to their difficulties, and that therefore there should not be so high a quota as at present. That is as we understand one part of their line of argument. Producers as such do not take any exception to the barring clauses which are not their concern. All they say is that if, in fact, the barring clauses tend to make the supply of British films inadequate for quota purposes and add to exhibitors' difficulties, then they have the remedy in their own hands because they can modify the barring clauses. That is the whole point of that.

189. But do you, in fact, think these barring clauses are being unreasonably used?—There are doubtless cases where they have been used for unreasonable purposes, but that is not the concern of the producers.

190. (*Mr. Cameron*): May I ask one more question on that point? Is it not a fact that actually the barring clauses become more a difficulty in connection with the exhibition of foreign feature pictures, big American pictures?—(*Mr. Baker*): No, it is the same for all films.

191. But does not one mostly hear of the difficulty of barring in connection with the foreign feature pictures rather than British pictures?—(*Mr. Kearney*): Yes, because there are more of them.

192. The difficulty has been urged more in that connection?—It is not disproportionate, but only because there are more foreign pictures than British.

193. It applies equally with British pictures in a similar manner?—(*Capt. the Hon. R. Norton*): I think you could answer that by saying the better the picture the more it is barred.

194. When there is competition the big feature picture, British or American, tends to be more barred?—Yes.

195. (*Chairman*): Then in paragraph 15 you suggest that the evasion of blind bookings might be stopped by statutory declaration once a year. If declaration is considered to be the best method, would it not be more effective if a declaration had to be made on each individual film at the time of presenting it for registration?—(*Mr. Baker*): Yes, my Lord, I think that is so. (*Mr. Kearney*): We only suggest a possible method for consideration. (*Mr. Baker*): If the Law Officers of the Crown can find a better method it would be of great service to the industry.

196. In the next paragraph you talk about the booking of these "quickies" blind. Do the exhibitors really make these arrangements before the trade show?—Yes. (*Mr. Kearney*): The distributors and the exhibitors. When a renter has a first class foreign picture to distribute, there is competition to get hold of that picture among exhibitors. The foreign renter has to supply a certain proportion of British in order to match it. He can then go with picture "A" and say, "I am offering picture 'A' with a series of others, plus the quota, I am not offering you picture 'A' only, I am offering you the lot—take it or leave it." That is what it amounts to, boiled down. There may be pictures booked outside the dates allowed by law. Strictly speaking there is no contract by law, the contract could not be enforced, but should the agreement or understanding not be completed when it is legally possible to complete it, it is open then for the renter in future to say, "I am sorry, Mr. Exhibitor, I am not selling you any more pictures in any circumstances."

197. But there is often a try-out in addition to the trade show, is there not?—Not very often. Sometimes, but that is for a different purpose. The "try-out" is rather to see whether the film as cut and finished is suitable for showing to the public, and if necessary, so that it may be modified before registration and final showing.

198. That is after the trade show?—(*Mr. Baker*): No, my Lord, before the trade show. A try-out is sometimes of importance; it is just a show to a number of people—a packed hall preferably—so that the producer and other persons concerned can get the reaction of audience before they finally trade show the picture.

199. You come to that later on, but you do not attach great importance to it?—Not vital importance. It is a question of helping the producer to gauge the public taste. (*Capt. the Hon. R. Norton*): It is only for cutting purposes.

200. Then in paragraph 18 you make very important recommendations. First, you want to change the method of calculating the percentage. You want to have it as a percentage of foreign films rented. Is there anything but arithmetic at the back of this proposed change?—(*Mr. Baker*): So far as the exhibitors are concerned there is no difference, but in respect of the renters' quota it will, we believe, encourage the production of more films by perhaps the lesser, or the all-British companies, in as much as they would only have to make films to comply with the quota in respect of the foreign films that they import. It is a little bit difficult, my Lord; but supposing we take the figure of 100, as the total of a renter's annual registrations, and that 100 is made up of 70 per cent. British films and 30 per cent. foreign films. The present Act compels the renter to acquire British quota to the extent of 20 per cent. of the total. Supposing, however, only 30 per cent. of that 100 are foreign films, then 20 per cent. of that 30 per cent. is a very much less quantity of films than 20 per cent. of the whole in respect of which he has to comply with quota conditions. An important purpose of the suggested alteration is that it will encourage the setting up of new producing units in this country without any condition as to the type of film that they should make, because such films will be British and made by companies having a real British policy.

201. Well, I quite see that, if you increase the quota, but I cannot see that it makes any difference whether you express it as a percentage of the whole or a relative proportion?—Yes, there is a difference. (*Mr. Loudon*): My Lord, in answer to that question, we have made certain recommendations later on in the memorandum for a minimum price quota and also for labelling certain pictures, and that recommendation is based on the fact that renters' quota pictures, shall be a percentage of the foreign footage imported. Any other pictures will be quite free and will not be labelled as quota pictures. The position is that foreign renters imported from British Dominions, or acquired in this country, last year, 111 British pictures, and British renters acquired 104. Now, the 111 British pictures which the American renters distributed are in our opinion mainly the pictures which are causing all the trouble, and which are doubtless quota "quickie" pictures, and these are the pictures which we want to see improved. We want them to be labelled. If the foreign controlled renter acquires or makes such bad cheap British pictures then he ought to live and be associated with them. That is the reason we propose changing the method. We propose changing the method of calculation from the total footage to the foreign footage in order to pin the responsibility for poor quota pictures on to the renters who inspired their production, and also to ensure that such pictures shall have a minimum amount of money spent on their production. (*Mr. Kearney*): There is a reason too, my Lord, other than one purely of mathematics. I do not think you want me to explain it in detail, but there is a reason other than mere mathematical calculation.

202. I am puzzled about it.—(*Mr. Baker*): Can I, my Lord, give the reason——

203. I think Mr. Kearney has something he wants to tell us?—(*Mr. Kearney*): I think I can explain it fairly briefly. By the present regulations it is laid down that the renters' quota (leaving aside the exhibitors' quota for the moment), shall be a proportion of all films rented. Unquestionably, whichever way you work it you get the same result, but

by our proposals we suggest that some films shall be "labelled." We suggest that films costing less than a certain minimum shall, if registered for renters' quota, be described for what they are and that the public shall know it; we also suggest that certain films shall not be eligible for renters' quota at all. At present all films must be registered and all British films so registered are eligible to serve for both renters' and exhibitors' quota. Furthermore any film not deemed by the terms of the Act to be British is classified as "foreign." If our proposals are accepted the result will be that certain British films will not be eligible to count for renters' quota, but they may still be distributed by renters, and should the latter have to acquire a percentage of British quota in respect of *all* films rented it would necessitate their finding British quota to match certain British films as well as foreign ones, and also to match films imported from the Dominions. This would be unfair to renters. We suggest, therefore, that in future the proportion of British films to be acquired by a renter should be a percentage of the *foreign* films he handles instead of a percentage of *all* films handled. This would in no way modify the proportions of British film to be obligatorily acquired for quota purposes; it is merely a different method of arriving at the same result, which would be advisable if not essential if our other proposals are adopted. There is not the same need for modifying the method of calculating exhibitors' quota, but if the method be altered in computing renters' quota it would be desirable, for the sake of uniformity, that the methods of calculating both renters' and exhibitors' quota should be identical. (*Mr. Baker*): May I give a simple illustration, my Lord? I am a British producer and during a year I distribute 25 films. Of those 25 films, foreign or British, I am compelled to have not less than 20 per cent. British, therefore my liability is 5 British films out of 25, British and foreign makes. Supposing, however (as I am), I am mainly concerned with British films and do not import American pictures and I put out 25 British films a year—this is an extreme case—my liability under our proposals would be nil, because I import no foreign films, and therefore I am free and encouraged to make films and live by selling those films on their merits. If I do not make successful films, quota or no quota, I shall not be able to sell them.

204. (*Mr. Cameron*): You can do that at present, can you not?—Yes, but at present my quota is on the total footage, including those films that I make.

205. (*The Hon. Eleanor Plumer*): May I ask one question? Does Proposal 2 depend on the acceptance of (*b*) lower down?—Yes.

206. I see. I did not follow before?—Yes. For instance, Mr. Cameron, take Metro-Goldwyn, they have 50 films a year, and they are compelled to make 20 per cent., that is 10 films. That is their liability. There is no reason why a British producer who is mainly distributing British pictures should have the same liability; he should only have the liability on the foreign films that he imports in the same way that the American renter has the liability on the foreign films that he imports.

207. (*Mr. Cameron*): I see. I thought that was the position now?—No, the quota is now on the total, they are all bunched together. If I had 50 English films and 50 American films they are put together and my quota is on the total.

208. I see that, but that is a mathematical point?—Yes, but it is important. (*Mr. Loudon*): Every British picture now is a quota picture, but we are changing it round so that a quota picture is a picture that counts against the foreign footage.

209. Then 25 per cent. on the proposed basis is more important than 20 per cent. on the old basis?—It is the same thing in actual figures but it is more important from the point of view of what it does.

210. Yes, I see?—I hope, my Lord, you appreciate the position we have explained.

211. (*Chairman*): I am still not convinced that it is anything but an arithmetical calculation, but it is a preferable way in your opinion and if there is some difference I shall read the evidence and probably I shall understand it from that. You are satisfied that the cost test of quality is the best one, and you do not deal with any other test. Do you think that it is safe to rely on that, that it will not cause extravagant production measured by cost?—Well, we have kept the figure down reasonably moderately, my Lord, having that point in view.

212. And if you adopt the cost basis do you consider that Form C is the best measure to take for it, in preference to the total cost?—Yes, we are all agreed that it is better to have the cost on what is familiarly known as Form C.

213. To exclude the cost of the story and copyright?—Yes, only taking into account the cost for Form C.

214. Where you take the stigma basis that you propose, or any other basis, do you think that it is reasonable to legislate rigidly for 10 years, or should some power of adjustment be reserved to the Board of Trade?—Well, in a business such as the film business where plans are made so very far ahead (bookings for instance are six months ahead we know) production must precede bookings, therefore arrangements are made two or three years ahead, and anything less than 10 years, I am afraid, would destroy the confidence that now exists in the permanent establishment of the British film industry. Anything less than 10 years, I think, my Lord, would be worse than it is now.

215. Then your stigma proposals are embodied in paragraph 18 (*b*) and there you say, "for a maximum period of 30 to 40 seconds"—is that a misprint for "minimum"?—(*Mr. Kearney*): Yes, it should be "minimum." It is a clerical error.

216. I thought so. There is a point of substance which rather puzzled me in one of these proposals. The films which cost less than 15s. per foot are not to rank for quota, they are below the stigma class, and the films which cost more than 25s. per foot are above the stigma class?—Yes.

217. Is there not likelihood of considerable confusion between those two classes on the part of the public that see the films, and if they see films which are so bad as not to justify inclusion even in the stigma class, will that not do a great deal of harm to British reputation?—(*Mr. Baker*): Our view is, my Lord, that the first class will not be made. (*Mr. Kearney*): We suggest they should not be admitted at all for renters' quota. (*Mr. Baker*): In practice, my Lord, the first class that you referred to will not be made, or if they are made they will be booked only on their merits. Obviously the American companies will not make such films because they do not rank for renters' quota, therefore the American renters will not make them as "quickies", as it were, and if other people make them they will not be shown except on their merits. There is no incentive to make such films and that particular category, in my view, is not very important. Those films will not be made. What I think may be made, my Lord, is a certain number of semi-documentary films that can be made at less cost than in the second class by British companies, and they will be shown and exhibitors would be willing to book them because they carry exhibitors' quota. I see no danger there at all. The films will not be made for those people who are only interested to acquire cheap British films for quota purposes, because they will not rank for quota.

218. No, they will not be made by the present people who make them to satisfy the quota requirements?—No, they will not be made by those people.

219. But you told us exhibitors say they have been finding difficulty in getting British films to show?—Yes.

220. Is there not danger if the foreign-controlled companies give up producing these cheap films for

quota purposes? The exhibitors will still provide them, because of the difficulty of the small man in getting an adequate supply of British films?—No, the American renter will still be compelled to make his quota of British pictures. That looks after the exhibitor's requirements, but this is a class of film, as I repeat, which would not be made by the American distributors.

221. Not by the Americans, I quite see that?—Because they do not carry any advantage, but other people, British companies, might make those pictures and it is a fluke, in a way, if it was a cheap picture and a good picture. Well, then the exhibitors can book it and show it, and it carries exhibitors' quota, and if it is of a certain value, one can conceive certain pictures that might be made which would be a help to a certain class of producer. (*Mr. Kearney.*) They would sell on their merits.

222. I gather from that that you recognise that the cost test is not the sole test which is applicable in all cases?—(*Mr. Baker*): Oh, yes.

223. Well, would it not be better, rather than to risk the confusion of the output of very cheap films of poor merit with the good films in the minds of the public, to have some test other than cost in exceptional cases, that people should be allowed to go to the Advisory Committee or some other suitable body and put up a case for special exemption from the 15s. requirement on the ground that the films are so good?—(*Mr. Kearney*): Yes, we were going to propose that too, that they should in certain cases, if a film had particular merit—— (*Mr. Baker*): The provisos to Section 27 of the present Act would continue.

224. You recognise special exhibition value as justifying exemptions from the 15s. limit?—Yes. (*Mr. Kearney*): Perhaps I might give very briefly the reason for that second qualification. The reason is this: if the suggestion we have made, that no films costing less than £1,250 per reel, on Form C, should be allowed to serve as renters' quota without the "label" is adopted, the foreign renter might say, "I am acquiring a British picture and it is going to be labelled; it is going to have the stigma of the label anyhow," and instead, therefore, of acquiring a picture costing over 15s. a foot (Form C), he might acquire one for a couple of thousand pounds or less and use it for renters' quota with the label. That is the reason for having the second qualification, that no picture costing less than 15s. a foot shall be eligible for renters' quota at all. (*Capt. the Hon. R. Norton*): I think the Chairman has put a very trenchant question that we have not answered. The question was whether the exhibitors would make bad films for exhibitors' quota. We have not answered that. (*Mr. Kearney*): They can do that to-day, but they do not.

225. Yes, but there is less incentive to-day, because they can get lots of cheap bad films without producing for themselves?—The trouble is not that there are plenty of bad films, but it is the exhibitor who takes exception to the bad films, because he cannot make money on them, he does not want to have any more.

226. (*Mr. Cameron*): It is against his interests?—It is against his interests if he likes to take bad films, and it depends on whether his public will let him do it.

227. (*Chairman*): Then you would rely entirely on special applications on grounds of merit to let in these cheap films?—(*Mr. Baker*): I do not think too much attention ought to be paid to those films, because in my view those films do not exist and never will in any serious quantity. It does not warrant the amount of time we are spending on it, because they will not be made.

228. Then in paragraph 18 (*d*) you mention the tendency to show bad British pictures in slack hours. Have you any definite remedy in mind for that?—It is very difficult to suggest a remedy, my Lord, but it is a known evil, and I think that the Board of Trade have prosecuted in one or two cases. I think the classic case was at Weymouth, if I remember rightly, where the exhibitor reduced his prices during a certain period of the day, and during that period of the day showed a British picture and said he was showing a British picture at reduced prices, and his programme proper came on at a later period. In another town, I think that was Horsham, an exhibitor said, "Well, we are showing British films at a certain theatre *early*."

229. But I suppose you can get over that by saying that each programme must be repeated in the same form?—The Act does prevent it now, but the suggestion is here that it might be strengthened. I do not think we want to put it any higher than that.

230. You do not think the Act is enforced. It is failure to enforce the Act?—It is failure to enforce the Act. It is difficult to enforce it because obviously it depends on your inspectors, or do you call them "common informers," who report these things to the Board of Trade for prosecution.

231. Well, it must be a false return?—Not necessarily, my Lord, because they return the films as having been shown during the normal hours of showing. Perhaps their conscience prevents them stretching the normal hours of showing to commence, we will say, at 2 o'clock in the afternoon or in the morning.

232. Yes, but if you made each programme the same, however many times they repeated it in the day, then you would be sure that the quota should apply with each programme?—The Act does not compel that. (*Mr. Kearney*): The Act says, "The registered British film which has been exhibited during the normal hours in the ordinary programme," so that the Act does say so to-day.

233. It does not say you shall have two ordinary programmes in one day, that would be the remedy?—(*Mr. Kearney*): There is a way of getting round it. The intention of the Act was that exhibitors should only show the British films in the ordinary run of the programme, but some of them show poor quality British films in the "dead" hours only or mainly.

234. Then we come to "short films" in paragraph 18 (*e*). I understood that the production and exhibition of short films was declining, but I was rather surprised to hear to-day Mr. Baker say that it was not so?—(*Mr. Baker*): The production of short films has never been a very serious factor in the British film industry. I think I said that the outlook was a little more encouraging.

235. Is it because of the convenience of exhibitors, they like to have two long feature films?—One of the reasons is the fact that most of the exhibitors in this country require or desire to show two long feature films, but another reason is it is economically difficult, if not impossible, to produce short films in this country commensurate with the return that one can reasonably expect from those films.

236. So far as it goes the quota helps them, it is worth keeping them in the quota?—Yes.

237. If you omitted them from the quota it would be even worse?—Yes.

238. Would you recommend that the stigma requirements should be applied in exactly the same way to the short films?—Yes.

239. Would the cost be modified at all?—Yes, the cost is set out differently?—(*Capt. the Hon. R. Norton*): In paragraph 18 (*f*).

240. Is it not the case that in these films there are a smaller number of artistes employed generally in the shorter films?—(*Mr Baker*): Oh, yes.

241. Therefore would the Form C basis be so suitable?—There are a smaller number of artistes, but I think it is in proportion to a more important picture. (*Capt. the Hon. R. Norton*): Labour is included in Form C too. (*Mr. Baker*):

Yes, labour is included and labour is definitely proportionate to the length of the film.

242. Then in the same paragraph, Proposal 5, all films screened to bear a legible title saying whether they are made in the United Kingdom or in the British Overseas Empire or in a foreign country. How would you deal with films shot abroad by the British producer?—Well, that is covered in the proposals and in the present Act. It is a British film and it would be made in England. It would bear the label, "Made in England." There is only a proportion of that film which can ever be shot abroad. That is covered in the regulations?—(*Mr. Kearney*): The present Act describes a British film as one made by a British subject or company of which "the studio scenes must have been photographed in a studio in the British Empire." A film partly photographed abroad by a British company can be British by the present Act if the regulations are complied with. (*Mr. Korda*): At any rate the shooting of that picture, the place of the shooting, is really the place where the picture is made. (*Mr. Baker*): The studio. (*Mr. Korda*): I did not quite mean that, but if you make half of a picture in France, but the picture is conceived and cut here in this country, it would not be fair to say that the picture was made in France. It is partly shot in France, but the picture itself would be a picture essentially made in England.

243. Then Proposal 6, "Provision to be inserted in the Act effectively to prevent renters from requiring exhibitors to hire a British quota picture of the type referred to in Proposal 2 (*b*) and (*f*) as a condition for the hiring of a foreign film"?—That is to prevent the block hiring of the quota quickie, if it is possible.

244. There again, how would you do it? You have failed to find any solution for block booking so far. Have you got any new idea?—(*Mr. Baker*): We agree it is very difficult, but at any rate there is some advantage in having in the Act that such an offence is a punishable offence. There is some deterrent, I think, even if one cannot get 100 per cent. observance of it, or discover the offenders, I think there is a considerable advantage in having it framed in the Act as an offence.

245. (*Mr. Cameron*): If the "quickie" is not to be produced it cannot be booked?—(*Mr. Kearney*): But if the "labelled" picture, the "stigmatised" picture, which would obviously not be a picture up to the worthwhile quality, can be forced on the exhibitor by the renter together with other pictures that he does want, it would give it more showing than we think it merits, and we suggest that if possible there should be some way of preventing that being done, making it a legal offence. It may still be done but it is an offence.

246. (*Chairman*): Do you feel that any provision ought to be made against block booking generally. Do you all feel it is desirable to check block booking?—(*Mr. Baker*): Yes, this is one of the means of doing it.

247. Would you go further and make block booking illegal, that it should never be a condition of taking a good film that you should take some other film?—Yes. (*Mr. Korda*): I think it would be very, very good.

248. Would it be practicable?—(*Mr. Baker*): Well, it would be difficult to find the offenders. (*Mr. Korda*): It would be practicable. (*Mr. Baker*): It would be practicable to do it. (*Mr. Korda*): It could be done.

249. It could be done just as effectively by declaration as in the other cases?—(*Mr. Baker*): Yes, the same principle could apply.

250. If you are going to have these declarations I suppose you might apply them to both?—(*Mr. Korda*): Certainly. (*Mr. Baker*): Yes.

251. There is one other question raised which seems to me to be rather outside the scope of this Committee, and that is about the child labour. I understand that you are in touch with the Home Office about that?—(*Mr. Baker*): Yes, it is outside the scope of your Committee.

252. We are appointed by the Board of Trade, so I think we ought probably to restrict our activities?—Yes, that is so. (*Mr. Kearney*): Might I make one very brief observation with regard to the question of employment of children? The reason we put that into our proposals was this. The conditions are more or less accepted by the Home Office, but the question is how the matter of employing children for portrayal in films shall be brought before Parliament. We have made suggestions that it should go into various Bills, but no decision has been reached. It would seem that re-enactment of the Films Act might be an opportunity for bringing it forward—a practical method of bringing it forward. That is the only reason for our having raised this point.

253. I think the best course would be for you to remind the Home Office, when legislation is coming along, of their favourable attitude, so that they will not forget it?—We thought this might be the moment to introduce it if there is legislation.

254. Then you speak about the Dominions in Proposal 10. You say, "no British territories, with the exception of certain of the smaller Colonies, have introduced and applied quota legislation in favour of British films." Is not New Zealand an exception?—No, because it is not enforced.

255. Is it only not enforced because a voluntary arrangement has been made for it?—It exists, but has not been put into force.

256. Does it not apply to renters but not to exhibitors, because exhibitors are already complying with the requirements?—They are showing more than the requirements now.

257. Well, in Proposal 11, you suggest that a scenario writer should be exempted from the requirement of British nationality. Is he not a very important factor in getting British atmosphere into a film?—(*Mr. Baker*): Yes, my Lord, that would probably be the right criticism to make, but producers have felt that they ought to have for the good of the industry generally and the works that they produce, liberty and freedom to consider it internationally in somewhat the same way as is done with music. One should not be prevented from using a man as author of the scenario who is a foreigner if he is a brilliant man.

258. Of course, we have the very definite object of helping the British cultural point of view?—Quite, my Lord, but I do not think it can be conceived for one moment because the author of the scenario is a foreigner that that will be reflected in the film. The film is made in England and I do not think there is any danger of any but British atmosphere being in that film. I do not think it is possible to get a German atmosphere with a film made here although the scenarist may have been a German.

259. The only other question I want to ask you, which does not arise in your memorandum, is in connection with the 16 mm. films. I understand they are shown a good deal in small halls throughout the country. Do you think any regulation should be applied to them? Is there any importation of 16 mm. foreign films?—Oh, yes, but the amount of 16 mm. film gauge that is shown professionally is insignificant. I do not think we attach any importance to it whatsoever. We do not discourage the use of the 16 mm. film. On the other hand, I think it is encouraged for educational and other purposes, but I do not think we are very much concerned with it in these deliberations.

260. (*Chairman*): Thank you very much.

261. (*The Hon. Eleanor Plumer*): My first question is on your "General Observations", paragraph 2, where it is stated, "The number of worth-while British films available for exhibition in the near future will greatly exceed the present supply of such pictures". Are those pictures, that increased number, likely to be available for the independent exhibitor or will they be made mainly by the large companies which control circuits?—No, the tendency is the reverse. The tendency is that new producing companies are springing up and are increasing. This expansion is mainly due not to the extension of existing producing companies, but to the inauguration and building of new studios under other control, and obviously, therefore, those pictures will be available for independent and whatever other exhibitors you call them.

262. I see, because that is the complaint that one hears from the exhibitors' point of view at the moment, that the worth-while British films are not available to them, that they have not the choice, that there are the two types of British films, the very good and the very bad?—Yes, I think you have a suggestion that the extension of the British producing industry is the increase of existing studios or studios that have been built during the early period of the Act. The increase of British production is not in that line at all, it is mainly in the line of new studios that are being built under other control, and with other brains and capital, and so on, which is all to the good.

263. Definitely, and that will tend to meet the difficulty?—Yes, definitely.

264. And when you go on to say that the vast majority of exhibitors can readily fulfil their obligations, in paragraph 12, I imagine that you would not find at the present moment cordial agreement with you on the part of many exhibitors?—(*Mr. Kearney*): That is a fact which is proved by the official returns of films which have been shown. The majority of exhibitors do not experience difficulty. The instances of hardship are few and if many more good British films are available, which is what our proposals seek to ensure, there should be no difficulty at all. (*Mr. Korda*): I think the difficulty is not with the independent exhibitors. The difficulty is only and chiefly in cases where a company has four or five theatres in one town; for instance, the Gaumont-British have five picture theatres in Oxford which they have to take care of, and it is difficult to find enough different British pictures for each of their five theatres, but if the independent exhibitor complains about not being able to get worth-while British pictures I do not think he is right.

265. And you think the increased production envisaged would be sufficient to meet the increased quota?—(*Mr. Baker*): I think so.

266. Then a good deal has been said about the point you raised in paragraph 15 on advance booking, and you say that it is a question of fundamental importance. Is it not a question of equal difficulty, because there does not seem to be any solution? Is it quite satisfactory to leave the solution to the Government's legal advisers, do you think?—I do not think we have any better suggestion for a solution than the Government's legal advisers. It has had their attention for a long time.

267. Yes, they drew up the Act?—Yes.

268. I wonder if they have had more inspiration since then?—(*Mr. Kearney*): They may have been inspired since that time, they have had eight years in which to develop inspiration. Experience has proved how the Act can be evaded, so it is necessary to tighten things up.

269. Then in paragraph 18, in connection with the scheme for proposed minimum cost, is it likely that that figure would be effective if and when colour comes, or would that figure be too low?—(*Mr. Korda*): These colour pictures will not come in in quantity for the next five or ten years.

270. Then in paragraph 18 (*e*) you suggest that documentaries should be included in the short quota requirements, do you not?—(*Mr. Baker*): Yes.

271. I see you suggest a minimum figure for them, but is it possible to lay down a figure like that, because is it not a fact that the cost of documentaries varies very considerably?—Yes. We rely upon Section 27 (1) (i) to take care of any films that may be below the price, for which an appeal can be made as being of special exhibition value.

272. But do you not rather suggest that they should have the stigma?—No. (*Mr. Kearney*): Only, that is, if it is registered for renters' quota. You can register for exhibitors' quota under Section 27 (1) (ii).

273. And would it not take away the benefit?—No, I do not think we wanted to suggest that.

274. Then in the same paragraph I do not understand the force of Proposal 12:—

> "This restriction has been found in practice to operate to the disadvantage of British producers as compared with their competitors abroad."

I do not quite understand that?—In Hollywood they can always try out a film before they get the final version of it. They try it out in a certain number of theatres. They ascertain the public reaction to it and they modify it if they find the reaction is not favourable. Here you may not do that. (*Mr. Baker*): My Lord, we do do it in fact with the knowledge of the Board of Trade. Many producers in this country, desirous of getting the public's reaction to a new film, do show the film at a theatre unannounced, and the Board of Trade understand the position, and there has never been any action taken, but they have said it is quite improper to do so. It simply means provision in the Act could be made or should be made.

275. (*Chairman*): I am told it is not allowed to the extent that is suggested here?—No, it would have to be controlled, as it were. What the producer wants is a try out of a film. (*Mr. Kearney*): They may do it in the case of one theatre with continuous showing now. They have done it in many instances in more than one theatre with, I think, the cognisance of the Board of Trade, who have to some extent slightly turned the blind eye, if it has not been overdone, but the Board of Trade obviously cannot overlook an irregularity if producers or their renting organisation advertise the fact that they are going to do it. (*Mr. Korda*): It is a help to see if a picture is not too dull or not too long, or partly not too dull and not too long, if a comedy has its comic effect or not.

276. Is it helping the cutting?—Yes. (*Mr. Kearney*): Before final registration. (*Mr. Korda*): That is the sole purpose. In Hollywood they show every picture before it comes out, it is tried out four or five times by different audiences and it is found very useful to judge the final cutting of the picture. (*Capt. the Hon. R. Norton*): I think our memorandum should have stated that there should be a limit to the trial of five showings so that the Board of Trade could take steps if there were any improper trial. (*Mr. Baker*): I feel that the Board of Trade understands the situation and when the new Act comes to be framed it will be looked after. There would obviously have to be a limit, but on the other hand producers are not likely to be showing their new films all over the country because that would destroy the value of it. (*Capt. the Hon. R. Norton*): They do not get any money for it. (*Mr. Baker*): They do not get any revenue from it.

277. (*Mr. Cameron*): Most of my points have already been covered. There are just one or two questions I want to put. I quite understand, Mr. Baker, it follows from the memorandum that if a much bigger quota were put up, as you suggest, there would follow production of British films by these independent companies, but from the point

of view of the consumer are these new companies starting up without resources in the background, and are they going to have the capacity to produce really first-rate pictures?—My view is that the facilities in the newly erected studios, or the proposed studios, are considerably in advance, their prospective output will be considerably in advance, of any quota that we have suggested, and I can see activity in that field increasing considerably. There is every evidence, we see it all the time in the business, in these new promotion schemes for studios, and so on, and I have every confidence there is more than ample studio accommodation to-day to fill this new quota which we suggest.

278. I am thinking more of quota. Is there a danger that I, as a member of the public, may have to go and see genuinely produced British films which are indifferent in quality because of lack of resources instead of a first-rate foreign film?—I do not think the danger will be increased. (*Mr. Korda*): It depends largely on whether £10,000 or £200,000 is spent on a picture whether you see a bad picture or not.

279. But the working of the Act is that concurrently with the increased quota the quality of the genuine British pictures is improved?—(*Mr. Baker*): Yes.

280. So that they can challenge the best products from abroad?—Yes.

281. If you go up by sudden mutation——?—It does not go up suddenly; the scale we propose goes up just as gradually as the existing scale did.

282. And much more suitably?—(*Mr. Kearney*): Slightly more quickly, perhaps.

283. And it is your view that the public will not suffer by the growth in the quantity of British pictures?—I think if they suffer at all they will "suffer" in the opposite sense to that which you suggest, that they will get a much better quality of picture in the future than they have had in the past.

284. It is an important point?—Yes. (*Mr. Korda*): If, let us say, through a new quota, 15 per cent. of foreign pictures or American pictures were excluded from this country, obviously the 15 per cent. would be the worst of the American pictures and not the best. The pictures which are really good would still come in if there were a 75 per cent. quota, but the lower strata of American pictures—the very bad American pictures—would be eliminated from the British market. I dare say there would be lots of bad British pictures, you cannot help that, I do not think there is any legislation in the world which could help that, but certainly you might substitute indifferent British pictures for very bad American pictures; but the good American pictures would come here just the same.

285. But would you agree, from the ultimate object of the best for the industry, it is desirable that the average quality of British pictures should tend to improve, as it is improving?—Yes. (Mr. *Kearney*): Certainly.

286. And not to risk a set-back by over-production numerically?—That is so. (*Mr. Loudon*): The new technical facilities that exist to-day in the country, and that will be here when the new studios are completed, will improve considerably. (*Mr. Kearney*): Very vast sums have been expended in the erection of studios in the last few months, and further considerable sums are still being spent to-day; and they are not being spent solely for the purpose of producing bad pictures.

287. Quite. One other point on that same cultural question. There is a type of film that has just been referred to by Mr. Korda, the foreign film, the European film, of admittedly cultural value, which it is difficult to get into England and to distribute in England owing to the difficulty of finding renters' quota?—(*Mr. Baker*): What film are you referring to?

288. I am referring to cultural films from the Continent?—Those which are shown at the Academy, and so on?

289. Yes?—Well, the main reason why those films are not imported into the country, is that they are not commercially practicable. (*Mr. Kearney*): They are not understood because they are recorded in a foreign language. There is nothing in our legislation to prevent their import, and we do not want in any way to discourage the distribution of such films. (*Capt. the Hon. R. Norton*): I think they get as full a showing as they deserve commercially, if not culturally. (*Mr. Korda*): The situation is exactly the same in France, the whole of France will not play a British picture. Our pictures are played in France in small theatres of 400 or 500 seats, and we are allowed 14 other cinemas in the whole of France. They make exceptions for pictures of very special distinct merit, but if we want to play our pictures in the other cinemas of France we have to put French language instead of English which makes it sometimes very amusing and sometimes very strange. (*Mr. Kearney*): You mentioned that the foreign picture finds difficulty in securing a renter to rent it and provide the British quota. The reason is not that the renter has any objection to the foreign film in itself; the reason why the renter will not provide English quota to go against it is that the foreign picture you are speaking of will rent to so few exhibitors, because the general public apart from a few specialised audiences, does not understand foreign languages.

290. That is the point, but if you increase the renters' quota you may make it still more difficult to import films with a limited circulation. I do not want to make it more difficult for them to come in?—(*Mr. Baker*): My Lord Chairman, Mr. Cameron is dealing with a very limited number of films of a very special class that are shown only at the Academy and such-like theatres, and there is no real difficulty in bringing those films into the country; and if I may just correct what has been said, the Board of Trade has not taken very serious notice of the default of (say) the Film Society. They have not complied with the quota for obvious reasons, and I know that the Board of Trade have not looked upon that seriously at all. They have permitted these films to be shown and have not compelled the particular renter to supply the quota.

291. Thank you. On a quite different point, is there any substantial market for British films outside this country, in countries that are non-film producing, European countries?—You mean Spain, and so on?

292. Spain and Central Europe?—Yes, the market in those countries is very poor indeed, because, of course, of the language difficulty. There is a market and the market is open not only to ourselves but to other countries. (*Mr. Korda*): I do not think the markets are really poor. I think there is a very distinct improvement all over the Continent. I would say, if there was a good British picture or a good American picture on the Continent to-day people would go to see a good British rather than a good American picture. (*Mr. Kearney*): Definitely, in certain countries, in Scandinavian countries, for instance. (*Mr. Korda*): And in France and in Denmark. (*Capt. the Hon. R. Norton*): For a big picture costing £200,000, 20 per cent. of its total revenue may come from foreign countries, but a picture costing only a small sum to produce can earn no revenue abroad. (*Mr. Korda*): But pictures that cost £10,000 or £15,000 have no difficulty whatsoever and every successful picture has a very important market on the Continent, and 25 per cent. or 30 per cent. of our revenue comes from overseas.

293. So that it is a market for your major pictures which is quite important?—(*Mr. Kearney*): Quite important.

294. In paragraph 18 (*c*), Note 2. I am not quite sure that I have got this right, you speak about stigma pictures. Then you go on to say at the

bottom, "If a good British picture were produced cheaply it should not suffer from the 'label'." Is not that rather contradictory?—(*Mr. Baker*): No, Mr. Cameron, but I think perhaps it is wrong that that word "stigma" should be used. I look upon this in a similar way to that in which I look upon a safety razor or any other article that is marked "foreign made." This describes the article. If it is a good article, if the film is a good film, that label cannot be considered a stigma, that is the argument there. If it is a good picture nobody minds what it is labelled, but if it is a bad picture there is the risk that the public and exhibitors will appreciate why it is a bad picture and blame will attach to the renter who handled it.

295. You argue on the one hand that the public will refuse to patronise such films, and that exhibitors would refuse to show them?—I think we can if they are bad.

296. But you go on to say, "If a good British picture were produced cheaply it should not suffer from the label." That is the point you intended to make?—Yes. It should not suffer if it is good.

297. Is it the same point as you made to Miss Plumer?—Yes.

298. Then surely they should not bear a label if disparagement were not intended?—No, not suffer from the label.

299. No, not bear the label?—(*Capt. the Hon. R. Norton*): No, the memorandum says, "Suffer from the label." (*Mr. Loudon*): The memorandum is right, they would not suffer from the label. The argument is that a film would not suffer by reason of the label if it was a good one, but if the picture is a bad one, the label accurately describes the picture, and who is renting it.

300. I should have thought it was a dangerous argument from your standpoint. In paragraph 18 (*e*) (i) and (ii) there is, of course, a great difficulty of definition there?—Yes.

301. I suppose that has been considered?—(*Mr. Baker*): Yes.

302. I do not know, I should tremble to have to draft it?—That has always been the difficulty that the Board of Trade have had to contend with in the existing Act, and it will continue to be a difficulty, but it is not too serious a difficulty to define what are documentary or what are scientific subjects. The experience of the Board of Trade has been fairly satisfactory.

303. Am I right in thinking that there are very few quota "quickie" shorts being made?—(*Mr. Kearney*): Very few. (*Mr. Baker*): None.

304. Then you are rather dealing with indifferent shorts made abroad and imported and good shorts made in this country, is that a fair statement?—The first part of your question, there are no short films made as "quickies", because they do not want to bother to make the short films for quota, they want length. There are only 54 registered. (*Mr. Loudon*): That is for the foreign distributors.

305. So that the position in shorts is rather different?—(*Mr. Baker*): Yes.

306. It is rather nursing a very promising part of the industry?—Yes. I said that I thought our proposals would encourage the production of more shorts and particularly of what might be termed shorts of a documentary nature in this country. I think that is the general desire too.

307. Yes. Now in Proposal 10, Note 8, you say, "Furthermore there have been instances of films made in the Empire for purely local purposes being acquired by foreign renters here at negligible cost for the sole purpose of serving as quota to match foreign films". Is that a serious danger?—Oh, yes, definitely. There have been definitely very bad films, as bad as one can see, poor Australian films made that have been imported into this country or purchased by American companies to fill the quota and, more alarming perhaps, Indian films that are to all intents and purposes unshowable in the country, although they comply with the provisions of the Act, and are British films. They have been purchased for a few hundred pounds.

308. And you anticipate real danger if that is not checked?—(*Mr. Kearney*): There is danger. (*Mr. Baker*): It has been quite an evil during the running of the Act.

309. Then one last question. What is the exact implication of Proposal 14?—(*Mr. Kearney*): There is not a great deal in that. The only point is that there are to-day produced in England a large number of films which are not registered and there is no record of them at all. For instance, thousands of feet of news reel are produced, and of documentary films, and they are not recorded anywhere. It might be useful to have some record of them.

310. You have in mind 35 mm., they are not 16 mm.?—Yes, 35 mm. Most 16 mm. films are originally produced on standard size stock. This proposal is really only a suggestion of no special importance.

311. It is simply for keeping track of them?—There is no track at present, as you know, there is no record of so many films, and it might be useful to have one.

312. (*Dr. Mallon*): Might I ask as to the total number of British films made per annum?—(*Mr. Baker*): Per annum, that is given in the statement. If you have the schedule Annex, III. Actually the Board of Trade returns were 215.

313. I want to get the number of those films which are made under what I may call American inspiration?—111.

314. Would it be fair to say that those 111 films are on the whole films which will not assist British prestige?—Apart from nine registered by United Artists and a few others.

315. That means nearly one half of the total British films produced are produced by persons who are not interested in the good name of the British industry but have almost a contrary interest?—Yes.

316. At present they are able to put the total discredit of that production on to the British industry?—Quite.

317. As regards other bad British films, or not good British films, whose is the responsibility for the production of those? Is the responsibility to be laid at the door of small British producers who are inexperienced or have not enough capital or are labouring under some commercial disadvantage?—They are spread over. Every company, whether the largest or the smallest, will make a proportion of poor films—not deliberately?—(*Mr. Loudon*): If you make a poor film you, of course, stand to lose the money put into the picture.

318. There is this distinction that the genuine British production of films is carried on under the threat that if the film is bad the firm will suffer?—Yes.

319. Now, as regards these other films which are produced under American inspiration, there is no such danger attached?—There is no incentive to make them. (*Mr. Baker*): Even if they lose all the money put into the production it does not affect them very materially. (*Mr. Loudon*): The American distributor will offer a contract to produce six pictures at a flat sum, £6,000 or £5,000 each, and the producer has to make them for that price, and if possible make a profit. He hands over the picture to the American distributor with no thought of making any additional money, and that is what creates the "quickie".

320. And if that throws odium on the producer, it does not throw odium on the renter?—It is not issued with any trade mark that shows it is distributed by the American renter for a purpose. It is trade marked by the British producer and goes out as if it were a British production, but the culprit is the American renter who acquires that type of picture to fulfil the letter of the law. (*Mr. Kearney*): He does not make it. He causes its production.

321. He causes the production of bad films, possibly deliberately, because he wishes it to be bad?—That is the other angle. He does not much care.

322. Or he is inspired by a bad motive, but no penalty or discredit attaches to him for the production of his bad films. That is put down to the discredit of British production?—(*Mr. Loudon*): That is right.

323. Assuming that as the result of what is contemplated in your proposals and the situation were changed. The American who inspires bad production would have to carry the odium?—(*Mr. Kearney*): Yes and the public would know it.

324. And if by any chance that film went abroad again the discredit would attach not to British production?—We hope so—we do not think so. Our hope is that adoption of our proposals will be successful in preventing bad British pictures from being produced at all. (*Mr. Baker*): It would be quite easy for that label to be taken away from the film shown outside this country but in point of fact these American renters are not interested very much in sending these pictures abroad. (*Capt. the Hon. R. Norton*): Even if they were, they would not get much showing abroad.

325. (*Chairman*): Mr. Kearney has shown me a letter which raises that?—(*Mr. Kearney*): It confirms a fact that has been brought to our attention time after time. I will not read the whole of it, but it says:—

> "I would state that the Chairman of one of our most influential clients on the Continent called my attention to the practice of one of the major American film producers when an all-British week was organised in honour of the visit of the Prince of Wales and there was a very widely advertised British film in one of their theatres. It transpired this film was a £4,000 quota film, and the public who went to see it left the theatre in disgust. This action for some time jeopardised the business of our clients who since 1928 have not only exhibited most of our films but those of other British producers. The Chairman, in order to regain the popularity British films had enjoyed prior to this incident had to introduce special propaganda in which it was explained to the public that the film in question was not a regular type of picture produced in Great Britain."

They use the quota quickie to say, "Do not buy British pictures—here is a sample. Buy American pictures—here is a sample." To my knowledge something similar happened during the Imperial Conference in Ottawa during 1932 when, as you know, half the Cabinet were there. In some of the theatres in Canada, they showed English quota quickies and the public naturally did not want to see them. Such pictures did not enhance the reputation of British producers.

326. (*Dr. Mallon*): You would desire the attribution of films to the renter who inspires the production, that should be the rule not only here but in the Dominions?—Well, we cannot enforce that, much as we should like it.

327. You would desire that if it were possible?—We do not see the possibility. All we hope is that if by our own legislation we can eliminate the quota quickie it will not exist to perform that unfortunate function overseas.

328. Something has been said as to the renters' quota apart from the exhibitors' quota. I do not want to touch unnecessarily on this issue again, but supposing that the renters' quota were abolished would not the situation be very much improved? Here you have certain renters interested, and only interested in American films The law, as it stands, puts upon him a task which he apparently does not relish. He has, under the law, to try to dispose of things in which he is not interested. Is not that undesirable?—(*Mr. Baker*): I think it is a very interesting argument. I must confess that I do not think our thoughts have been leading that way because we have rather started with this premise that if we compel exhibitors to show British films we must compel somebody to make them. But the argument that has been advanced here, and the comment you have made is a very interesting one. But I think you have that very fundamental difficulty of compelling exhibitors to screen films, and not compelling anyone to make them. One can conceive that there might in trade conditions be difficulties, and it might become a hardship. Obviously producers would not object to any such proposals, I suppose we should all welcome such proposals, but perhaps we could say we would not dare, or we would hesitate to put such proposals forward, because we should feel that they would not receive consideration, or it might not be considered practicable. The big argument that you have, of course, is that you do not compel people to make films that they do not want to make, which is a very strong argument. The Americans do not want to make British films and have to make them, and therefore they make bad ones.

329. Supposing there was not the obligation that exists to-day on the renter to take a proportion of British films, what would he do? He would, one may suppose, market the American films and would refrain from attempting to exercise any malign influence on British films?—Yes.

330. If that were the case what would happen? Would there not be an expansion of the more effective producers in this country at the expense of the smaller units who now produce the quickies?—I think undoubtedly there would be, but what you would have would be a tendency to make better pictures all round, because you would automatically do away with those pictures that are made because they have to be made, but you would meet, if I might say so, very strenuous opposition from the exhibitors. First of all, he would say, "You compel me to show pictures, but you do not compel anybody to make them." Secondly, he would be fearful that quota would constitute monopoly, 20 per cent., 30 per cent., 40 per cent., or whatever it was. The number of pictures might be automatically or otherwise decreased intentionally in such a way as to create a high value for those British pictures, which is prevented under these proposals, as they are prevented by the terms of the existing Act, by compelling renters to acquire a number of pictures in excess of the exhibitors' quota?—(*Mr. Kearney*): There is one further point. If we may be frank in the Film Producers' Group of the Federation of British Industries we necessarily have to try to take into consideration the interests and point of view not only of the major producers but of the less important producers also, who claim to have a right to live if they can; and they argue that if the American renters give them more money they would make better pictures. They also speak about what is known as the second feature. Lord Moyne was speaking before of programmes showing two long pictures. Obviously on all occasions when two feature pictures are shown one is the major and the other the minor attraction, and of the total receipts the greater part is paid for the principal picture and the lesser part for what is known as the second feature. If there is no production of second features, which cannot cost as much as first features, you could not supply those programmes. In most cases the British quota films inspired by American renters are never intended to be anything but second features made at low cost. That is the difficulty. If they cost a great deal more they could not, as second features in the way they are rented, earn so much as they cost?—(*Mr. Baker*): If you wanted to develop that argument, it is an interesting one, but there are the difficulties.

331. I will put this, and leave it at that. Under your proposals, production of bad pictures would be limited in two ways. First of all there would be the minimum expenditure on the picture, that would be the first consideration. Secondly, the attribution of the picture to the renter who inspired it, and that would make in the same direction. It would still be true that the renter was marketing a picture in which he was not very much interested?—Quite right.

332. And people were producing pictures indifferent——?—With no heart in them.

333. Indifferent as to whether they were going to do good to British prestige, or not. I suggest if we can take off the renter the burden of doing something in which he is not interested, or which he does not want to do, that would be a gain?—(*Mr. Loudon*): There is one point, the Act at the moment is responsible for a production of 111 pictures of this type in 1935, which is more than half the total British production last year in numbers. If you remove that legislation for renters' quota it would mean production in this country would drop by over 50 per cent. in numbers—not, of course, so large a percentage in production cost.

334. But the exhibitor would have to show the same number of British pictures?—(*Mr. Baker*): The argument is the demand would create the supply. (*Mr. Loudon*): If you legislate for the demand you must legislate for the supply, or put a hardship on the exhibitor.

335. You could easily provide for that?—(*Mr. Baker*): I am not quite sure whether I could say the Film Group of the Federation of British Industries would agree to that. I think that you would have opposition from those particular firms who are interested in theatres in addition to production.

336. (*Chairman*): Anyhow it is agreed you could not do it immediately. There would be a shortage.

337. (*Sir Arnold Wilson*): Before I begin my questions, may I remind the witnesses a shorthand writer is taking down what they say, and they will do well to remember, as I will try to remember, that there is only one and not two present. May I first address my questions to Mr. M. Neville Kearney, as Secretary. The memorandum purports to set out the views and proposals of the British film production industry as represented by the Film Producers' Group of the Federation of British Industries, of which you are Secretary. Is that group unanimous on this memorandum?—(*Mr. Kearney*): Not entirely unanimous. There are certain conflicting views; with the majority of the sections of it, yes.

338. If you were to take the total capital represented by that Group, what proportion is definitely opposed to this memorandum?—It is difficult to say. (*Mr. Baker*): I think it is a statement of fact. These proposals were adopted by the Federation of British Industries Group, and it is quite true that I think two companies voted against the increase of the quota proposals contained. That is the only point on which they took exception. (*Mr. Kearney*): We do not deny they voted against the suggested increase in quotas.

339. Do they accept everything else?—They have not demurred from any other point at all (*Mr. Baker*): This is very important, and the question has been asked quite rightly, the definite objection that was expressed was simply and solely confined to the increase of the quota. There was no other known objection to the memorandum.

340. Is it a fact the two companies which objected are the two largest in the industry?—Producing companies?

341. The two largest companies in your group?—(*Capt. the Hon. R. Norton*): I think we must answer that the companies most largely capitalised are not necessarily the largest producers. These big companies were arguing as distributors and exhibitors. (*Mr. Loudon*): Their capital is very much greater than their interest in the production of pictures. (*Mr. Baker*): Sir Arnold Wilson refers to two companies who have between them 500 to 600 theatres and they are, I believe, viewing these proposals, particularly the quota proposals, from the point of view of the exhibitor.

342. What proportion of the producing interest in the Group do they represent?—(*Mr. Kearney*): To-day? In numbers? (*Mr. Loudon*): I can give you the figures, Sir, 215 British pictures made for the year ending March last. Gaumont-British and their associated companies distributed 22 feature pictures and British International, or Associated British, had 13. Actually I am not counting the shorts. It was 14 over 3,000 feet. (*Capt. the Hon. R. Norton*): Of those 22 pictures distributed by Gaumont-British I happen to know only 17 were made by Gaumont-British and the other five were made by independent companies. (*Mr. Loudon*): It does not represent such a large proportion of the production side of the industry.

343. One-fifth?—215 pictures.

344. One-seventh?—(*Mr. Kearney*): Although their capitalisation as companies within the industry is unquestionably the highest.

345. What proportion of theatres in this country are tied houses, that is to say in the hands of companies owned and controlled by aliens?—Very small. But there is control other than that of actual ownership. There is control through supply of films. (*Capt. the Hon. R. Norton*): But actual ownership is limited to about 20.

346. Control, although they may be in the hands of British lessees?—That is very difficult to answer, because control through supply is an important factor. (*Mr. Loudon*): Sir Arnold Wilson is discussing the question of capital. (*Mr. Kearney*): That is, I should say, very small. (*Capt. the Hon. R. Norton*): Paramount have 14. The total of foreign-owned cinemas is under 20.

347. Can Mr. Kearney tell me what is the condition applied by the Federation of British Industries to qualify a company for membership?—(*Mr. Kearney*): I had hoped you would raise that because it was mentioned in the very early stages of this meeting. The qualification of membership of the Film Group, which is the point referred to here, is (1) that companies shall be British and shall have produced and trade shown at least one feature picture, (2) that they shall be elected to the Group by its members, and (3) that they shall be eligible for membership of the Federation of British Industries proper, according to its statutes. The rule, briefly, is that they shall be British-controlled companies and not foreign-controlled. That is how the Film Group is always able to keep out, if it wishes, a company who own studios in this country, and are a British registered company. But they are not members of the Group because the Federation of British Industries as such—its rules—would not permit of their being. Also the Film Group has preferred to have as its members genuine British companies and not companies which really are in another form foreign companies.

348. Does the Federation of British Industries make any elaborate inquiries with a view to ascertaining whether a company which is normally registered as British-owned is in fact a subsidiary of a holding company which may not be British owned and may be located elsewhere?—Yes.

349. Are you satisfied that the Federation of British Industries are in a position at any moment to know if that control has been changed?—They consider they are. Whether they are in fact I could not say. Certainly so far as the Film Group is concerned we should know if a member company came under different control.

350. And in the event of any change of control the Federation of British Industries would at once notify the member that company was no longer eligible for membership?—I should not like to answer definitely; it would be firstly a question for

the Group. (*Mr. Loudon*): I should think the members themselves would have something to say.

351. Film members are subject under the statute to the same rules as other members of the Federation of British Industries. Are you satisfied that alien companies operating in this country charge a reasonable price for films to the—technically British—companies which they control? Do they charge, for example, the same rate as they do to American companies or, by charging a very high price, provide that the profits shall be retained in the United States, for example, whilst the company here is barely able to make a profit?—That is a matter the revenue authorities do go into.

352. Do they go into it?—As we understand it they have an agreed arrangement with American renters by which they assess the correct amount that should be returned from profits taxable in this country.

353. Have you any reason to think British companies suffer as compared with American companies in their assessment to income tax?—It is difficult to reply. I should say the American companies got off reasonably well, and your point gives rise to another thing exercising us a good deal at the present moment, and that is the American taxation upon the earnings of British films in America. They are seeking to apply American taxation to remittances from the earnings of British films in America before the remittances have left the United States. They are actually doing it now.

354. You are seeking to eliminate the provision that a scenario writer must be a British subject, and you mention you have numerous foreign artistes to whom you pay large sums. Do you consider those persons are advantageously placed compared with British subjects in their relation to the Inland Revenue Commissioners? That is effectively secured?—Yes. (*Capt. the Hon. R. Norton*): There is a custom that the Revenue will apply one-third of their salary to be counted for expenses, and that applies to foreigners as well as English.

355. Would that apply to a scenario writer who might not be located here for more than a short time?—Yes.

356. I am still in doubt as to the point raised by the Chairman: certain technically British companies which are in fact controlled organisations of American producing companies and allied with the renters' renting organisations in this country produce films, but you say they are ineligible for membership. But that is not strictly correct, it is?—(*Mr. Kearney*): Yes; there are one or two producing companies, technically British, but in fact foreign-controlled and branches of foreign producers, who are not members of the Film Producers' Group.

357. There are bad films being made by companies who are eligible for membership?—We do not deny it.

358. Your memorandum might have been better worded in that respect?—With all respect, I think it is both carefully and accurately worded. (*Mr. Baker*): There will always be a proportion of bad films. (*Mr. Kearney*): There are certain American companies here whose branches here are registered British companies. I mention the name of one, not with any lack of respect, or with any wish to criticise or pillory it in any way. Some of them have their own producing organisation. They are British registered companies established here for one purpose only and that is to rent American films and to acquire the quota films required to enable the American films belonging to their principals to be rented. They are technically British companies, but by capital control they are really entirely branches of the foreign companies. These could quite conceivably be considered eligible for membership, but genuine British producers have not wanted them as members of the Group and we have a perfectly good method of getting out of it if they apply. In some cases they have applied. (*Capt. the Hon. R. Norton*): If I might make a suggestion. We might give the Committee the number of pictures those companies made last year. (*Mr. Loudon*): Fox had 13 pictures last year they made at their own studios; and Warners and First National together, 19. I would like to add some of the 19 were not actually produced by them in this country. Warners registered the two silent Indian pictures about which there has recently been trouble.

359. Is there any other industry in this country which is so largely under alien control that you can think of?—(*Mr. Baker*): Manufacturing industry? I do not think so.

360. Is there any other distribution concern which is so largely under alien control at present?—(*Mr. Loudon*): You might say typewriters, I think, possibly as the largest other industry.

361. In a discussion with Dr. Mallon you were giving examples of deliberate attempts to bring British films into disrepute in theatres abroad. Have you in your experience found that being done deliberately in this country also?—(*Capt. the Hon. R. Norton*): Yes, Sir, I am prepared to say that. (*Mr. Baker*): I think one method of doing it is by showing the films at what are termed the dead hours.

362. But also by exhibiting them in juxtaposition with the finest foreign films at a given moment in order to bring them into disrepute?—(*Capt. the Hon. R. Norton*): Some years ago when I was in the distributing business I was asked if I could pick a really bad British picture for the West End of London. That was when I was not a producer, and I was asked by an American concern.

363. Is it within your knowledge that claques have been hired to bring a good British film into disrepute?—I would not like to say whether they have been hired for the purpose. (*Mr. Kearney*): This rather brings up the point of publication of the evidence that may be given. (*Capt. the Hon. R. Norton*): I have no objection to a statement of my personal experience being taken down.

364. (*Sir Arnold Wilson*): Will you give your personal experience?—I meant the one I have just described. (*Mr. Kearney*): It is common practice when films are run in a theatre to have your not particularly good, if we do not call it bad, English picture running in conjunction with, either before or after, a really first-rate American film, and the public necessarily, whether it is intended that it should or not, naturally draws the conclusion that the American film is good and the British bad. Whether deliberately or not, it serves a dual purpose. It enables the foreign company to fulfil the law as it exists and it shows up the good quality of the American film as opposed to the bad quality of the British. Most of the British films so shown are second features.

365. If the two films were not in the same ownership it might be a cause of action in the Courts. There are I believe decided cases of shop windows where the derisory exhibition of inferior ware of one kind with the superior ware of another has been regarded as actionable?—(*Mr. Loudon*): I think the allocations of returns arising from two pictures where an American distributor handles a programme with an American picture and a British picture, his allocation of money to the British producer is such that the British picture suffers. He offers the British producer a contract on a basis of a lump sum down in advance of 50 to 60 per cent of its gross receipts. He then distributes that picture and says that it will be distributed to the best possible advantage, and there is never proof it is not distributed to the best possible advantage but I do not think except in the case of United Artists, any American renter has ever distributed a British picture

to any large amount of money over what it costs, and therefore the British picture inevitably suffers. In that event the British producer if he makes a good picture never receives a proper return on it if it is distributed by an American distributor. (*Mr. Kearney*): You may find a contract between a renter and exhibitor which calls for the payment of 45 to 50 per cent. of gross receipts during the three days or the week when the programme is shown. There may be two pictures covered by that contract, one English and one American. Of the total amount received for the two pictures the renter can attribute whatever proportion he likes to each film—he may apportion 95 per cent. of his receipts for the programme to the American picture and only 5 per cent. to the British. I am merely giving a guess figure, but instances have occurred (I think Mr. Loudon will bear me out in this) where in fact the English picture which was looked upon as of low earning value was the one that brought the people to the box office and not the major picture which was the American one—but nevertheless the American picture received the bulk of the proceeds and the English picture did not get its commensurate revenue. (*Mr. Loudon*): I think we might mention that in the United States Film Year Book, 1935, in an article under the title "Film Outlook Abroad", signed by Mr. Godden of United States Department of Commerce, writing about foreign legislation and discussing England, he says:—

> "During the past year there has been agitation on the part of exhibitors to do away with the quota, it being felt that the system is no longer necessary to protect the British film-producing companies. The contention is advanced that the quota is encouraging 'quickie' productions to meet requirements of the Act. Legislation may result amending the Quota Act, making it mandatory that at least a minimum amount must be spent on each production to meet quota requirements. Such an amendment, if passed, will force quota film producers, because of a larger investment in the film, to distribute it rather than keep it on the shelf".

366. It has been suggested that the prevalence of the two-feature programme is partly responsible for some of the difficulties of the British industry. Can you give us any indication as to the history of the two-feature programme. When did it come in, and in what circumstances?—(*Mr. Baker*): I should say the two-feature programme came into existence principally because the supply was so excessive in proportion to the demand that exhibitors, in their attempt to give the public as much as they could for their money, booked and screened two feature films instead of one, the one usually being supported by a number of shorts. Necessarily, of course, with the exhibitor desirous of booking two feature films, one of them became the primary attraction and the other the lesser attraction, and of course, in time, the lesser attraction picture became to be known as the second feature. I do not think there is any reason other than the supply of pictures, the normal number of pictures that have been available to exhibitors, have tempted them successfully to play two features instead of one plus shorts.

367. Would you regard it as fair to say that the effect of the two-feature programme is to compel exhibitors to exhibit a large number of inherently and intrinsically inferior films?—British or foreign?

368. Whatever it may be?—I should say yes, because in the two-feature programme exhibitors do necessarily show a number of pictures, mainly American, of less value.

369. And you would agree that the second feature is normally 30 per cent. less than the first feature?—In time?

370. In time, yes?—(*Capt. the Hon. R. Norton*): No, often the same length. (*Mr. Baker*): Very often the length of the two films differs very little. The length does not enter into it seriously at all.

371. Thank you?—(*Mr. Kearney*): Might I give an example of the type of thing that happens? The renter knows approximately what a theatre can afford to pay for its programme for the week. Let us assume a theatre can pay £100 for its programme per week. The programme includes a first and second feature, possibly also a news reel and a short. It depends on the length of the two features whether a short is included or not. Of the £100 he would roughly allocate what proportion should go to the first feature and the second feature. (*Capt. the Hon. R. Norton*): I think the answer is the second feature does not connote length but connotes quality.

372. My impression was in point of length it was considerably shorter, but I am glad to be corrected?—There is one country that debars the two-feature programme, and that is New Zealand where they have only one.

373. For technical reasons it is difficult to advertise outside a cinema more than one film. Has that in itself, has the growth of advertising on a vast scale by means of illuminated advertising tended to put undue emphasis on the one picture to the detriment of the second?—(*Mr. Baker*): Usually the exhibitor, because he thinks of first and second features, does advertise what he thinks is his principal picture.

374. Tell me why New Zealand legislation was passed?—I do not think it is a question of legislation. It is more a question of economics. New Zealand is a considerable way from Australia and it is a question of economics. I do not think we are suggesting that the British picture is affected by the second feature programme. I do not think we suggest that the condition or the position of the British picture is affected by the second feature problem, because in a large number of cases, in the majority of cases I suppose, the second feature is a foreign picture, and nearly all British pictures made by genuine British companies are automatically first features. (*Mr. Kearney*): With the exception of those made specifically for the quota purposes of foreign renters. (*Mr. Baker*): I said of those made by British companies. I said all those made by British companies. Those made by American companies are second features to their own products. (*Mr. Kearney*): I may say we do always come against the point that although they are made by what we call American companies, such companies are in fact legally British companies.

375. Have alien controlled companies generally tried to work the Act of 1927 in good faith?—(*Mr. Baker*): Definitely not. (*Mr. Kearney*): They have in the letter but not in the spirit.

376. You were good enough to refer to "gentlemen's agreements" having been entered into, I gather, to evade the spirit of the law?—Yes.

377. Is there any other industry where the words "gentlemen's agreement" are applied to an agreement to evade the law?—We always refer to it in inverted commas!

378. (*Dr. Mallon*): Inverted gentlemen?—(*Mr. Baker*): We do have gentlemen's agreements in this country because it is the habit in all industries to trust one another, and we call them "gentlemen's agreements." (*Mr. Kearney*): In the original draft of our memorandum (which is slightly different from what it is in its present form) there was a somewhat scathing reference to the term "gentlemen's agreement".

379. (*Sir Arnold Wilson*): I am glad to know it. It was suggested that if the proposals that you have put forward here for an increase of the quota were given legislative effect there would be a further increase of capital invested in the industry. I should like to know whether you consider the existing capital commitments, not actually invested, but capital commitments as at present invested, would suffice to give you the additional production which you seek?

—(*Mr. Baker*): I think roughly speaking, Sir Arnold, that it would. I think not the proposals, but the building that is going on at present and the space that has been built during the last 12 months, and the capital invested, will give the necessary extra pictures that are required to fill the quota.

380. You have in fact sufficient production capacity, or you will have shortly, to undertake the whole of the programme you would like to see?—There is no doubt in my mind whatsoever. (*Mr. Kearney*): May we put it in this way, the ratio of production capacity to the 20 per cent. quota will be vastly increased in respect of the ratio of production capacity with the new studios compared with what we propose should be the quota. (*Capt. the Hon. R. Norton*): I think it is important we have stated, " The value of the stages . . . £4½ million ", and of that these £2 million are just about to be completed and have not yet come into operation. (*Mr. Kearney*): The new studios at Denham alone, which are just being completed, and would already have been in greater activity had there not unfortunately been a fire in one of the stages—those studios alone provide an important increase in production capacity. I have the figures here if you wish to see them.

381. I do not think it is of sufficient importance. The Chairman drew attention in his examination-in-chief to the danger, if the quota was raised unduly, that there would be a reduced amount of competition for the suffrage of the public and that the exhibitors might be handicapped thereby. You retorted, I might say, that that had not been the case in the motor industry. But, in point of fact, in the case of the motor industry there has been a reduction in the last ten years of more than 50 per cent. of the total number of firms operating. There has been a steady reduction in motor manufacturing firms and competition exists only between, at the most, a dozen different firms where previously there were something like one hundred. Do you anticipate if the production of films in this country were to be increased there would be an increased concentration in the industry or not?—(*Mr. Baker*): I do not think the production of films will lend itself to that same degree of combination other industries do. It is more individualistic.

382. I attach great importance to this?—I am sure you realise and know the production of a film is not an automatic procedure. You can produce motor cars by mass production. You cannot produce films in that same way. There must be a thought and brain behind each individual effort to make a picture. (*Mr. Loudon*): The film industry is more like the publishing industry, Sir; I think that is a fairer comparison. (*Mr. Baker*): It does not lend itself to the same combination.

383. I cannot accept the publishing industry as a parallel, because you do your own printing?—We do not do our own printing.

384. Using the publishers as an example. You actually do everything?—(*Mr. Kearney*): Not necessarily. Many films are made, where the studio shoots the film but it has it developed outside its own premises and the print made outside its own premises. (*Mr. Baker*): That might be a point that has not been stressed in the memorandum, but it has been suggested to me by Sir Arnold Wilson. Apart altogether from the studio activities of which we have heard a great deal to-day there is an important section of the industry where the negatives, taken at the studio, are taken and the prints made, and that is a very, very big industry. There are very large laboratories in London and all round whose business is the developing of these negatives and making the necessary copies. It is the exception rather than the rule that the studio should develop its own negatives and make its own prints. A few of them develop their own negatives, but they look upon the printing of the copies as somebody else's job, and in consequence there are very important printing laboratories that undertake and do that work and employ a considerable number of people whose employees or the cost are never stated in this production. (*Mr. Kearney*): They also print the positive prints taken from imported foreign negatives.

385. Therefore it makes no difference to that industry whether the film is made in Great Britain or abroad?—(*Mr. Baker*): It does not make any difference.

386. Does that industry have any large export of films printed in this country?—(*Capt. the Hon. R. Norton*): No, small, chiefly to Australia.

387. Are there serious technical difficulties due to the highly inflammable nature of the product which makes ships unwilling to receive as cargo?—(*Mr. Loudon*): It is chiefly duties that affect them. (*Mr. Baker*): The German lines refuse to take them.

388. When up against a difficulty you have repeatedly handed it cheerfully to the Board of Trade to deal with. Have you as practical men got any specific ideas in your minds whereby the Board of Trade could check some of these evasions without involving extra expenditure by the Excise officers of the Inland Revenue, or otherwise, or the police?—(*Mr. Kearney*): When drafting our memorandum we originally suggested, in respect of most of the paragraphs that you have in mind, that there should be reference of the matter to the Law Officers of the Crown; and then we came to the conclusion it might be rather an impertinence on our part to suggest to the Committee how they should do things; so we left out any such suggestion because the Board of Trade know full well what the problems are, and I think they probably can explain as well as any of us can the manner in which the law is evaded.

389. Has it occurred to you it might be preferable for you to exercise over all your own members in all three branches some measure of control which might be conferred upon you by Statute, as is for example conferred upon the fishmongers of the City of London who with the proceeds of a very small levy on the trade actually perform all the duties which in other trades are performed by the appropriate officers department of the Public Health Department?—It would be very delightful if we could bring it about, but unfortunately we have no Hayes organisation. (*Capt. the Hon. R. Norton*): The Motion Picture Producers and Distributors Association of America is an all powerful body within the industry, and it was formed, to a great extent, with the help of the Federal Government. If the Board of Trade could help us to force exhibitors, renters and producers to get together into an association of some kind I think we should have made enormous steps.

390. My Lord Chairman, my point is really this: Parliament have already given to several trades certain privileges in return for which they have undertaken to keep a check on their own members. The Milk Marketing Board and the Pig Marketing Board do so. All Marketing Boards in greater or less measure do so?—(*Mr. Loudon*): There is our Censorship Board.

391. I would hesitate to draw a parallel. The fishmongers is another case, and the iron and steel industry have already got a very considerable degree of control over the internal operations of their own members by agreement amongst themselves although they are by no means united in interest. Is it impossible that some of these very disagreeable and dubious duties which you seek to place upon the Board of Trade could be carried out by an internal organisation with recourse to the Law Courts in case of a breach?—(*Mr. Baker*): I do not know whether we should be in a better position or have any better information than the Board of Trade have. It is a very interesting proposal which had not occurred to me.

392. You would at least have a common interest in securing information?—Yes.

393. And it would relieve the Board of Trade from the very invidious business of administering an Act in the interest of a particular section of it?—Quite.

394. That is my point?—(*Mr. Kearney*): I think the answer is, would that it could be so. The various interests are so considerably divergent; and it is complicated by the fact that there are not only divergent British interests but divergent foreign interests as well. It makes it extremely difficult.

395. The next point I want to come to is the question of the special exhibition value. When the President of the Board of Trade introduced the present Act in the form of a Bill in 1927 into the House of Commons, he said that special exhibition value was synonymous with box office value. Do you consider that there is any possibility of giving another and a broader meaning to those words?—(*Mr. Baker*): Well, I believe that in our deliberations, Sir Arnold, there has been an intention to give a broader meaning, and that perhaps is evidenced in paragraph 18. It does not directly refer to the special exhibition value, I agree, but it is evidenced in that paragraph under "Short films." I think I know what you have in mind. That is the facility whereby certain films that may not be directly fictional but valuable for screening in this country should have the benefit of quota. I think that is what you have in mind, and I think that that class indicates the desire on behalf of the producers to encourage or help forward that class of picture.

396. I read that note with very great interest, and if I may take up the time of the Committee I will explain precisely what I have in mind. There are films produced by the Ministry of Labour showing the beneficial effects of industrial transfers. There are films produced by the Ministry of Fisheries showing in a dramatic form the vital interests of the nation in its own industries. The Post Office has made great strides, much to the public benefit, in the same way. I do not suggest that those films should be admitted to quota on the ordinary basis, but I do suggest that, apart from box office value, the cinema owners of this country have a moral obligation upon them to show a film of special exhibition value which is for the national benefit, although not of high box office value, but good stuff and worth looking at. (*Mr. Kearney*): That is precisely why we suggest these films, documentary films, should be eligible to serve as renters' quota, because, if they are not eligible as quota, there has hitherto been a tendency on the part of the exhibitor not to use up his time in showing them, because he has to use a definite part of his time in showing quota pictures. The foreign renter will not take them because, unless they are eligible for renters' quota, they do not match his foreign films.

397. Would you accept a tribunal other than the Board of Trade Advisory Committee which is not in all respects suitable for such a purpose, a Committee of three independent persons who would view these films and would exercise their discretion in admitting them to quota operating under the Board of Trade?—(*Mr. Baker*): I do not know that we as producers would raise any serious objection, but we really take the view, Sir Arnold—I know your views in this matter—that to some extent your point is covered in paragraph 18 (*e*).

398. I agree, but you must not know my views. I am here as a judicial person and whatever views I may express to the Advisory Committee are not relevant to what I am asking here?—No, I quite understand.

399. One more point. I saw outside in the street as I came in a poster, "Nasty Mae West film." Now that unquestionably is special exhibition value?—(*Mr. Kearney*): Probably more so on account of the posters.

400. More so for the posters. You have to put that sort of thing on the one hand and on the other dramatic documentary film, which has a far more lasting effect upon the minds of people, but it is quite impossible to say that you will get people to the theatre for the purpose of seeing a Post Office film although it will give pleasure and instruction and a lasting pleasure to large numbers?—That is so. (*Mr. Baker*): I do not think the public object to seeing that class of picture. I think that if it is on the screen a large proportion of them like it, and if this proposal in paragraph 18 (*e*) will permit of that class of picture being accepted for quota, and that is the desire of the producers, I think it will be to the good, it will bring in a lot of that class of subject.

401. I revert once more to the question of capital investment needed in order to produce more British films. You thought that it would not have the effect of causing greater concentration of industry. Can you suggest what is a reasonable capital sum required to start and maintain a successful studio? Is it £100,000 or a quarter of a million or is it £1 million?—(*Mr. Kearney*): To erect your studio and equip it you require a certain amount of capital. The making of your picture requires a different type of capital altogether.

402. Here?—And everywhere. (*Mr. Loudon*): The producer—if I may answer that question—if he is clever can make his picture economically. He can use any of the studios that are in existence as factories in order to make that picture, he need not necessarily own studios, he can rent one and make a picture. All he requires is a certain amount of money to make his picture. (*Mr. Kearney*): He may get advances from the renter who is going to rent it. There are many ways of financing the making of a picture.

403. I have heard complaints from people working in the industry that your trade is one of the worst organised in England in that you are always in a hurry, you are always expecting dressmakers, costumiers and carpenters to work three shifts, two shifts on Saturdays and Sundays, that you never have a programme in advance, that in general you are artistic in your methods rather than commercial?—That is very high praise to say we are artistic in our methods. (*Mr. Baker*): I think there is a good deal of justification and truth in that. (*Mr. Loudon*): They may be generalising a little.

404. My friends are admittedly generalising, but they are nearly all men and women working, and they say it is due to the fact that if they had a sound commercial manager who insisted on keeping them all in order it would save a great deal of money and you would incidentally do far less damage to the interests of your employees. Is that being lessened by the modern studio?—(*Mr. Baker*): I think that we are experiencing in this country, as we would in any other industry, that with growth there is better control and more improved commercial methods are being adopted. That is inevitable, I believe, and I am quite certain within my memory there has been a considerable improvement. (*Capt. the Hon. R. Norton*): I think I should like to say that in America they are obviously better organised as producers than we are here, but that is because artistic people have been made commercial. You will never make a commercial person artistic, you will never make a good producer by having an artistic group of people round him because you will not get any box office result.

405. (*Sir Arnold Wilson*): Thank you, my Lord Chairman, those are all the important points I wish to put, and I apologise to the Committee for keeping them so long.

406. (*Chairman*): Gentlemen, we are very much obliged to you for the evidence you have given us.—(*Mr. Baker*): I think I might say, my Lord Chairman, before we go, that if you deem it necessary to call any of us as a body or otherwise we shall be pleased to be at your service to clear up any questions or give additional evidence.

407. (*Chairman*): Thank you very much.

(*The Witnesses withdrew.*)

ANNEX I.

Suggested Quotas.—Based on a Percentage of Foreign Film Handled.

Renters' Quota.

	Proposed new Quota (being the percentage of British film to be acquired, calculated upon the total of foreign film acquired).	Approximate equivalent on basis of calculation of the present Quota Act.
	Per cent.	Per cent.
1st year of new Act	29	22·5
2nd ,, ,, ...	33	25
3rd ,, ,, ...	38	27·5
4th ,, ,, ...	43	30
5th ,, ,, ...	48	32·5
6th and subsequent years	54	35

Exhibitors' Quota.

(To commence 6 months after the date laid down for commencement of Renters' Quota.)

	Proposed new Quota (being the percentage of British films required to be exhibited, calculated upon the total of foreign films exhibited).	Approximate equivalent on basis of calculation of the present Quota Act.
	Per cent.	Per cent.
1st year of new Act	25	20
2nd ,, ,, ...	29	22·5
3rd ,, ,, ...	33	25
4th ,, ,, ...	38	27·5
5th ,, ,, ...	43	30
6th and subsequent years	50	33·3

(Note.—By the present Quota Act Exhibitors are required to show approximately 1 British film out of every 5 films exhibited. By the new quota proposed above, the maximum requirement would be that 1 British film must be shown out of every 3 films exhibited.)

ANNEX II.

F.B.I. Film Producers' Group.

*Associated British Picture Corporation, Ltd.
*Associated Talking Pictures, Ltd.
Baxter and Barter Productions, Ltd.
*British and Dominions Film Corporation, Ltd.
*British Lion Film Corporation, Ltd.
Butcher's Film Service, Ltd.
City Film Corporation, Ltd.
Criterion Film Productions, Ltd.
Embassy Pictures (Associated), Ltd.
G.S. Enterprises, Ltd.
*Gainsborough Pictures, Ltd.
*Gaumont-British Pictures Corporation, Ltd.
*Gaumont-British Instructional, Ltd.
*J. H. Productions, Ltd.
*London Film Productions, Ltd.
*Nettlefold Studios.
Phoenix Films.
St. George's Pictures, Ltd.
*Sound City (Films), Ltd.
John Stafford Productions, Ltd.
Toeplitz Productions, Ltd.
*Twickenham Film Studios, Ltd.
J. G. and R. B. Wainwright, Ltd.

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* Companies thus marked are Studio owners.

ANNEX III.

Approximate Statistics of British Film Production during the Years 1928 and 1935-36, respectively.

	1928.		1935–36.	
	No. of Stages.	*Total Area. sq. ft.*	*No. of Stages.*	*Total Area. sq. ft.*
Number of Stages and Size	19	105,211	70	795,557
Value of Studios and Equipment (less depreciation)	£555,000		£1,414,500	
Annual Salaries and Wages (exclusive of artistes salaries)...	£197,250		£2,197,000	
	Number.	*Cost.*	*Number.*	*Cost.*
Number of feature films produced and their production cost	91	£489,600	225	£5,344,500

Note.—The above totals have been compiled from a mass of statistics furnished by the various Production Companies. They do not include particulars of all the smaller studios, and in certain cases estimates have had to be made where the controlling companies have failed to supply details. Stage areas and values of new studios nearing completion are included. The figures are sufficiently accurate for the purpose of general comparison between the importance of the British Film Production Industry in 1928 and at the present time.

No reference is made to Production Companies that have gone out of existence between 1928 and 1935–36. The figures relating to the latter period indicate the importance of production as it exists to-day. The approximate number and production cost of feature pictures made in 1935–36 naturally does not take into account the future production of new studios. It is obvious, however, that when in the near future these are in full production, the number of feature pictures to be made annually will greatly exceed the present output.

It is noteworthy that the new studios at Denham, Sound City, Pinewood and Elstree, completed during the last few months, or nearing completion, more than double the capacity of the studios that previously existed in addition to being of a most up-to-date type.

No account is taken of the important sums paid annually to Film artistes, the majority of whom are, of course, British subjects.

THIRD DAY.

Tuesday, 19th May, 1936 (Morning Session).

PRESENT :

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).
Mr. A. C. CAMERON, M.C., M.A.
Mr. J. S. HOLMES, M.P.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. Paul Rotha, representing the Associated Realist Film Producers, Ltd., called and examined.

The Committee had before them the following memorandum of the Associated Realist Film Producers, Ltd. :—

The purpose of this memorandum is to place before the Departmental Committee appointed by the President of the Board of Trade the view of Associated Realist Film Producers (see Annex I) on the Cinematograph Films Act, 1927, with particular reference to the production and distribution of Documentary Films.

Summary of Points.

Part A.—The Effect which the Quota Regulations of the Cinematograph Films Act, 1927, have had on the Production, Distribution and Exhibition of Documentary Films.

Part B.—Ways in which the Administration of the Cinematograph Films Act, 1927, in Relation to Documentary Films, might be Improved within the Terms of the Act.

Part C.—Ways in which the Position of Documentary Films might be Legitimately Improved under any new Cinematograph Films Act which may be passed upon the Expiring of the Cinematograph Films Act, 1927.

Annex I.—Constitution of Associated Realist Film Producers Ltd.

Annex II.—Definition of a Documentary Film.

Annex III.—Excerpts from Newspapers relating to Documentary Films.

Annex IV.—Data relating to Documentary Films referred to in the Memorandum.

Summary of Points.

Part A.—Discouragement of the Present Act to Documentary Film Production and Exhibition.

1. Difficulties of interpreting the term " special exhibition value ".
2. Lack of representation of Documentary Film interests on the Advisory Committee of the Board of Trade.
3. Shortage of " short " films for quota requirements.

Part B.—Suggested Improvements to the Present Act.

1. Difference of appeal between Documentary Films and Fiction Films.

2. Suggested appointment of a Sub-Committee to the present Advisory Committee of the Board of Trade to consider Documentary Films.

3. Need for a wider interpretation of the term " special exhibition value ".

Part C.—Documentary Films and any new Cinematograph Films Act.

1. The need for the balancing of all foreign short films only by British short quota films and not by an excess footage of long films.

2. Suggested requirements to be made by the Board of Trade by which the makers of Documentary Films would establish the claim of their films for quota.

3. The need for the encouragement of the production and exhibition of Documentary Films by any new Cinematograph Films Act

Part A.

The Effect of the Cinematograph Films Act, 1927, on the Production, Distribution, and Exhibition of Documentary Films.

1. The Act was framed before the Documentary Film (Annex II) became an important feature in British production as a medium of entertainment and public education. It is granted that the Board of Trade has administered the Act with as much fairness as its terms have permitted.

2. The Act at present excludes from quota:—

(*a*) Films depicting wholly or mainly news and current events.

(*b*) Films depicting wholly or mainly natural scenery.

(*c*) Films depicting wholly or mainly industrial or manufacturing processes.

(*d*) Scientific films, including natural history films.

Renters' quota (or full quota) is, however, allowed to such films which, if registered, are deemed to have " special exhibition value ".

3. Many Documentary Films deal with news and current events, natural scenery, industry and scientific experiment. They are thus excluded from full quota unless of proven " special exhibition value ". The difficulties of securing such evidence may be set out as follows:—

(*a*) A Press show—one proof of "special exhibition value "—is difficult to arrange if a film has not been taken by a renter. (Some producers have used a Film Society performance as a solution to this difficulty. But, on the one hand, a Film Society can include only a few Documentary Films in one season and, on the other hand, renters interested in the said films are sometimes opposed to a Film Society showing.) Evidence of " special exhibition value ", therefore, has sometimes to be obtained by the unorthodox method of soliciting advance testimonials from newspaper critics.

(*b*) A renter may, however, insist on full quota before taking the film. As pointed out above, a press show to establish " special exhibition value " is difficult to arrange until a film is taken by a renter. Thus a vicious circle is often formed.

(*c*) It is understood that the normal practice of the Board of Trade is to seek the advice of an Advisory Committee. The members of the Film Trade of this Committee, however, are representative only of the production, renting and exhibition of fiction films. Neither film technicians, nor those who have made a special study of producing or renting Documentary Films are represented.

4. It is stated that the production of British short films which have been registered under the Act has fallen from 170,000 feet to 68,000 feet between 1929 and 1935, and that there is a definite shortage of " short " films for quota requirements,* their places being taken by long films. This shortage would not have been so great if Documentary Films had been eligible for full quota without the cumbersome machinery and insurmountable obstacles encountered under the term " special exhibition value ".

5. The situation has been further aggravated by the granting of full quota to casual descriptive films, and the refusal of full quota to such creatively-made Documentary Films as *The Key of Scotland* and *Beside the Seaside*.

6. If it is the intention of the Cinematograph Films Act, 1927, to encourage the best in British Films, we submit that this discouragement of Documentary Film production has been instrumental in holding back the development of films of National, Empire and Cultural value. The output of Documentary Films projecting themes of British and Empire importance might have been greatly enlarged if there had been the incentive of quota. In our opinion, an ill service is being done to what is, in many qualified opinions (Annex III), the most creatively and nationally conscious section of British Film production.

Part B.

Ways in which the Administration of the Cinematograph Films Act, 1927, might be improved within the terms of the Act.

1. It is submitted that in respect of the difficulties set out in Part A above *the National, Empire and Cultural value of Documentary Films should be considered as relevant to the case for special treatment under the present Act.*

2. Such special treatment, it is clear, can only be asked for under the existing clause allowing for " special exhibition value " (Cinematograph Films Act, 1927, Part IV, s. 27 (1) (i)), and subject to the provisos laid down by the Act.

3. In so far as the Board of Trade officials do not assess the exhibition value of films, a decision presumably rests upon the advice of the Advisory Committee, the constitution of which (as pointed out in Part A, 3 (*c*) above) does not represent the special interests of Documentary Films.

4. The producers of such films believe, firstly, that the appeal of their films depends on factors quite distinct from those which constitute the " special exhibition value " of fiction films; and, secondly, that these special considerations (technical, cultural and educational) are not sufficiently taken into account by the Advisory Committee.

5. It is suggested, therefore, that the grant of full quota to such films under this clause should be made by a special Sub-Committee of the present Advisory Committee, representative of such interests as the British Film Institute, a commercial firm specialising in Documentary Film production, and others who have made a special study of the Documentary Field (Annex I). Such a Sub-Committee could (*a*) bring to the Council of the Advisory Committee those special considerations which are inseparable from the assessment of the " special exhibition value " of Documentary Films, and (*b*) act more quickly than is at present possible.

6. With reference to the interpretation of the term " special exhibition value " it is asked that these further considerations be taken into account, subject to the films coming under the provisos contained in the Act (Part IV, s. 27 (1) (i)).

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* *Ref.*: " A Statistical Survey of the Cinema Industry in Great Britain, 1934", by S. Rowson.
Leading article in " Sight and Sound " (Spring, 1936).

(*a*) Documentary Films are capable of wide development. The advent of sound, for example, has greatly added to the entertainment appeal of Documentary Films, making them popular with the public, while the widespread need felt for the interpretation of National and Empire life has made their production of national significance.

(*b*) It is appreciated that the framers of the Act wished to exclude from obtaining full quota the casual discursive descriptions of natural life, such as news reels, descriptive films of industrial process, travelogues, etc. (though judging by recent quota decisions, this aim does not seem to have been fully achieved). Documentary Films, however, are a creative and not a descriptive interpretation of natural life, necessitating dramatic construction and high technical ability.

(*c*) It should be noted that the term " special exhibition value " sometimes means appeal to specialised audiences. *The Song of Ceylon* for example, a film of great but specialised appeal, secured the Prix de Gouvernement Belge at the International Film Exhibition at Brussels, 1935, thus bringing international prestige to British film production.

(*d*) As will be observed from the attached excerpts from the Press and other sources, Documentary Films are now regarded as an important branch of British film production. (Annex III.)

(*e*) The Cinematograph Films Act, 1927, excludes films from qualifying for quota on the grounds of subject matter. (Viz.: " The films to which this Act applies are all cinematograph films other than—

(i) films depicting wholly or mainly news and current events:

(ii) films depicting wholly or mainly natural scenery:

(iii) films depicting wholly or mainly industrial or manufacturing processes:

(iv) scientific films, including natural history films.")

This, we submit, provides no test of the entertainment or cultural importance of a documentary film. The differentiating factor, it is emphasised, lies not in the subject matter (i.e. " current events," or " natural scenery ") *but in the creative treatment of this material.*

(*f*) The Board of Trade should not, it is felt, disregard the special entertainment values peculiar to the documentary film.

7. An examination of the material excluded by the Clauses of Section No. 27 of the present Act, with reference to Documentary Films which have already been produced, makes apparent the inadequacies of Section No. 27. Only clauses (*a*), (*b*), (*e*) and (*f*) are considered here since these affect Documentary Films most directly.

Clause (*a*).—" Films depicting wholly or mainly news and current events." It is possible to make an ambitious, creative and culturally important treatment of news and current events, cf. sequences of *B.B.C. The Voice of Britain* and *Night Mail*; potential documentary films of the *March of Time* type; *Shipyard* and *The Face of Britain;* and in another medium, the actuality programmes developed by the B.B.C. current events, if shaped to a theme, may give drama of the utmost importance. It is to be noted that the Documentary Film is more and more using the camera and the microphone for direct observations, e.g., the new films of the Ministry of Labour. There will be more current events, not less, in the Documentary Films of the future.

Clause (*b*).—" Films depicting wholly or mainly natural scenery." Should a film which, in using exclusively natural scenery, makes a poem of a particular landscape, say, the Lake District, or the Highlands, be excluded under this Clause?

Clause (*e*).—" Films depicting wholly or mainly industrial or manufacturing processes." The dramatisation of manufacturing processes has, in fact, been a principal force in the development of the Documentary Film. It has been possible for a great number of people to conceive of industry as dramatic and as containing within it themes of Empire and national importance, cf. *Shipyard*, *Industrial Britain*, *Face of Britain*, *Contact*, *Coal-Face*, *Voice of Britain* and others. Themes involving commercial organisation, scientific management and marketing research in relation to commerce and agricultural organisation, are capable of similar film approach.

Clause (*f*).—" Scientific films, including natural history films." On the face of it this category may seem to be fairly excluded. On the other hand, *The Life of a Plant*, one of the original *Secrets of Nature* films, is held by many to be historically one of the most important cultural films. In this film the treatment of the life cycle of a plant passed from being a purely scientific consideration into something of aesthetic and entertainment value. Note also the possibilities of the dramatic treatment of a scientific contribution to commerce (cf. *Shadow on the Mountain*) and of a dramatic account of animal life at the Zoo, or a treatment of animal or even plant life which would reveal the drama of existence (cf. *The Private Life of the Gannets* and *Wake up and Feed*).

PART C.

Ways in which the Position of Documentary Films might be legitimately improved under any new Cinematograph Films Act which may be passed upon the Expiring of the Cinematograph Films Act, 1927.

1. In the framing of any new Cinematograph Films Act, it is felt that not only should the considerations set out in Part B above be taken into account, but that the opportunity should be taken to free the Documentary Film from its present legal burdens. In this respect, it is asked that the following points should be borne in mind:—

(*a*) The Documentary Film is a means by which the ideals, culture and traditions of this country can be admirably projected both to British audiences and to foreign.

(*b*) The Documentary Film is already a source of prestige to British Cinema in the international field, and with proper and reasonable encouragement this would increase.

(*c*) Any vital form of civic education, such as is afforded by Documentary Films should not be overlooked by centres of government.

(*d*) Documentary Films are one of the finest means of training film technicians. Any encouragement of Documentary Film production must influence the technical quality of all types of films.

(*e*) The Documentary Film is considered by many persons entering the business as the most interesting branch of film production. Thus the personnel employed in Documentary Films is increasing in number and includes producers, directors, musicians, painters, photographers, sound recordists, assistants, as well as electricians, cutting-girls, theatre projectionists, etc.

2. It is believed that the production and distribution of Documentary Films would be encouraged by changing the existing Act as follows:—

(*a*) Full quota should be granted to all Documentary Films, both short and long, which possess National, Empire and Cultural values.

(*b*) In the Cinematograph Films Act, 1927, the footage of British quota films required to balance the footage of foreign short films (that is, films less than 3,000 feet in length) can be comprised of British long films (that is, films of 3,000 feet and upwards in length). We believe that in any new Cinematograph Films Act, or if the present Act is extended, it should be required of renters and exhibitors to balance all foreign short films *only by British short films for which full quota has been given.*

(*c*) A Sub-Committee, carefully selected as representative of Documentary Film interests as suggested in Part B (5) above, should be appointed to deal specially with the field of Documentary Films.

(*d*) That all short films should be considered as having a prima facie case for full quota by the above-mentioned committee, other than:

- (i) Weekly issues of news-reels.
- (ii) Advertising films for which payment is made to the exhibitor for exhibition.
- (iii) Trailers.
- (iv) Films distributed free of charge.

(*e*) Leaving aside studio-made fiction short films, cartoon and trick films (the position of which does not concern us), the question remains: how are Documentary Films worthy of full quota to be distinguished?

(*f*) It is difficult to make a strict definition, but it is suggested that the following method would tend to exclude trivial material:

(*g*) In order to guide an advisory committee or sub-committee, every maker of Documentary Films, who wished a film to become eligible for quota, should be required to furnish the Board of Trade with:

- (i) A detailed description of how the subject of the film is treated, indicating satisfactorily the creative elements represented in the film.
- (ii) Evidence that the film has been produced by a unit with a minimum personnel of a director and a cameraman working with a producer of documentary films.
- (iii) Evidence that the film has taken time and skill to produce and is not a " quickie " job.

(An analysis of effects would immediately reveal the great difference between documentary and other films. For example, under mute—the design, photography, and staging of effects: under sound—the original composition of music, choral effects and editing of sound, are important. It is for this reason that we suggest that applicants might be required to give not, as at present, a list of shots, but a description of visual and aural treatment which would indicate the creative treatment of the subject.)

408. (*Chairman*): I will not take you in detail through your statement of evidence because we have all read it, but I would like to ask you a few questions on points which might be a little further developed perhaps. We might take it more or less page by page. In Part A, paragraph 3, you deal with these documentary films, and you would like to see them more easily admitted to the renters' quota?—(*Mr. Rotha*): Yes, Sir.

409. They already have exhibitors' quota, and I would like you to develop a little why there is a need that they should have the renters' quota as well. Is it that there is not really an effective demand for these films on the part of the public as reflected by the exhibitors, that you feel that you must stimulate their production by having them classed for renters' quota. If the public wants the films would it not be natural to expect that the exhibitors would give effect to that wish and arrange to show them independently?—I think the situation, Sir, is to a certain extent explained by the fact that the documentary film is for the most part a short film, and the care with which short films are booked by exhibitors does not equal the care with which long films are booked by exhibitors. There have been several cases, in fact many cases, in the past where exhibitors have booked short documentary films and have not even advertised these films to a public which wishes to see them. As to your first point I think that if documentary films were admitted to both renters' and exhibitors' quota it would certainly ease our case from the point of view of widening distribution. That is to say, if at the present moment our films are not given renters' quota, it means they must be taken by British distribution firms and not by, we will say, an American distribution firm. To a certain extent British renters are acquiring short pictures which do not fall into the documentary class. They are perhaps variety acts, or something like that, and which means that they automatically have renters' or full quota. I think it would certainly ease the position if documentary films were given renters' quota. I do not think the difficulty in any way reflects that the public is not desirous of seeing documentary films.

410. It is very undesirable to do anything to encourage block booking or to assist the renter to force films on the reluctant exhibitor?—Quite.

411. If steps are taken to make it more difficult to force films on exhibitors do you still think that you would get a benefit by ranking for renters' quota?—I do think so.

412. Or is it only because of the renter being able to force the exhibitor to take them?—I think it will work both ways. I think your last point is the most effective, it would encourage an exhibitor to take them. The exhibitor does not book his short pictures with a great deal of care perhaps because, for example, American short pictures distributed in this country are often given away free of charge. We have to meet the case where an exhibitor might say, " I have booked a long film from an American company and with that one long film I am provided with six short films for nothing. Why should I take one of your documentary films for a fee? "

413. Then in sub-paragraph (*b*) you mention the difficulty of proving a special exhibition value. You are perfectly aware that the Board of Trade do not have to get proof in the form of quotations of outside opinions. They are welcome if they are sent in, I understand, but it is not an essential part of the case. Do you not think that the Advisory Committee are already provided with sufficient discretion to judge the value of these films without any necessity for outside opinion? Is it a matter which you have found to be a difficulty, of getting the necessary evidence as to the merit of these films?—It has not been a case of having difficulty in getting the necessary evidence of their special exhibition value. On the contrary that has been simple. But I do feel that, as regards the Advisory Committee, the special interests of documentary films, which have been described at some length in our Memorandum, are not, I think, at the present moment assessed quite fairly by the members of the Advisory Committee. I suggest that documentary films are a new development, and that there are no interests of documentary films, either from an independent point of view or from a production or renting company's point of view, represented on the Advisory Committee whereas fiction films are strongly represented.

414. Yes. You do not think that the five independent members are a sufficiently strong impartial element for you to appeal to?—I would not like to suggest that for a moment, Sir, but I would suggest that one member of the documentary profession, if I may use that term, should be represented on the Committee, or on a Sub-Committee, as we recommend.

415. After all, it is to the interests of the distributor and to the interests of the producer that these films should get fair treatment, and although you might not be very keen, I should have thought that it was a very good jury for you to appeal to. Anyhow you feel you ought to have direct representation?—Certainly.

416. You refer in paragraph 4 of Part A to the drop in short films which have got the full quota, but it is a fact, is it not, that short films which have

automatically got the exhibitors' quota have been increasing in the last year or two? You say, "The production of British short films which have been registered under the Act has fallen from 170,000 feet to 68,000 feet between 1929 and 1935." Well, side by side with that there has been a considerable increase of those which do not come into the renters' quota?—Yes.

417. And it looks as if the production was fairly strong in spite of the lack of renters' quota?—Yes.

418. That seems to show a very healthy demand for these documentary films?—I think the demand is there, Sir, and I think we have attempted over the last six years to do everything we can to further the production of documentary films, but we have certainly been working under difficulties. Last year, I should imagine, speaking offhand, probably 35 to 40 documentary films were made, the previous year I should think the number was in the region of 14 or 15, and perhaps four or five the year before that. Those are only figures given without evidence at hand.

419. Then under paragraph 5 you draw a contrast between certain films which were accepted for quota and certain other films which were not. In your view was this a wrong decision from the cultural point of view or from the box office point of view. I am afraid I am not familiar with any of these films?—From the cultural and box office point of view. I would suggest that casual descriptive films are often acquired by foreign distributing companies and are made on "quickie" lines—if you will accept the term "quickie"—as against films like "Beside the Seaside" or "The Key to Scotland," both of which took a great deal of time and skill to produce, and in the making of which a mobile sound-recording truck and studio scenes were used. Special music and special poetry were written for them.

420. You put up a case for "Beside the Seaside" and "The Key to Scotland" and it was refused?—Yes.

421. Was the same trouble taken about making the case. Was the evidence put in to the same extent?—Testimonials of special exhibition value were solicited from various people, both inside and outside the film trade and were submitted.

422. When was this occurrence, lately?—They were submitted about six or seven months ago, I understand.

423. Then I would like to come to Part B, paragraph 4, at the top of the page. You say that the producers of these documentary films feel that in their case special exhibition value depends on quite different factors from special exhibition value in the case of fiction films. Does special exhibition value arise in the case of fiction films. It is not really taken into account, is it, that is not the test. The fiction film is automatically admitted, is it not?—That is quite true. I think the point we wish to make there is that the appeal of the documentary film to the public is of a different character from the appeal of the fiction film. Documentary films can only obtain full quota under the present Act by proving "special exhibition value", which puts them at a disadvantage with other films.

424. I see. You suggest that the grant of full quota should be given by a special Sub-Committee of the present Advisory Committee representative of such interests as the British Film Institute. Then in paragraph 6 (*e*) of Part B you deal with certain classes of films which are excluded from quota except under conditions. You do not mention that films used in educational institutes are also excluded. Is there much distinction between these educational films and the others which you have mentioned as regards a case on merits for being admitted. I feel that the Act was framed rather from the point of view of employment, or largely from the point of view of employment, and that these excluded classes were those which were considered not to give so much employment in the way of studio arrangements, and so forth?—Yes.

425. Now, do the films which you have mentioned here, which you are particularly concerned with seeing better treated, give more employment than the educational films?—At the present moment documentary film production gives more employment than educational film production. We cannot say for the future because there is obviously going to be a great development of the educational as distinct from the documentary film. But I should say if the documentary film is given possibilities of developing and encouragement there is no reason why its personnel should not continue to be larger than the personnel employed in the making of educational films. But I would like to emphasise the distinction between the documentary film and the educational film.

426. You do not think there is such a strong case for changing in the case of the educational film?—I do not think there is such a strong case as there is for the documentary film because the educational film is largely concerned with distribution of a non-theatrical kind, that is outside the cinemas, whereas your documentary film, certainly at present and for several years to come, relies primarily upon public theatre distribution.

427. Yes. I suppose the line is not very hard and can, if a film is suitable, deal with an educational film as it can one of the other classes?—It can be done if necessary.

428. And apply under those provisions?—Yes.

429. Then in paragraph 7, Clause (*a*), you mention certain films depicting wholly or mainly news and current events which have an important cultural value. Did these films involve studios and artists or were they merely a record of the ordinary course of events? —In this actual list of films "B.C.C., The Voice of Britain" involved a certain amount of studio work and many paid artists. "Night Mail" involved a small number of studio scenes but most of it was actually taken on location with full location staff and equipment. "The March of Time" is only given as an example. Both "Shipyard" and "Face of Britain" were wholly made in natural surroundings. I would point out that one of the fundamental principles of the documentary film is to take actual things and actual people in their actual environment and not to use studios except when required.

430. So that really you do not base your case on employment so much as cultural value?—Not so much from the point of view of studio employment, although documentary often entails large production units.

431. Yes. Then in paragraph 7, Clause (*f*), I notice that you admit natural history and scientific films, but I suppose these have very considerable cultural value, do they not?—Natural history and scientific films definitely.

432. Perhaps I misunderstood that?—I suggest that would come under the heading of cultural.

433. Oh, you want to see them better treated?—Certainly.

434. You say, in paragraph 2 (*a*) of Part C, "Which possess national, Empire and cultural values." You propose that the same committee should deal with this field of documentary films. Have you considered the possibility of getting them assessed on the basis of minimum cost, either on the Form C basis or some other basis which would work automatically and not involve very difficult questions of opinion which would come up on the committee?—That has been considered very carefully. My association is of the opinion that you cannot assess the cultural or aesthetic value of a documentary film in the terms of the money taken to produce it. It is perfectly possible for a documentary film director and photographer to go away for a week-end's fishing and bring back material for a creative documentary film which may only have cost, shall we say, a matter of £150 or £200, on the other hand it is possible to send out a well-equipped unit of several persons with expensive

apparatus, perhaps with apparatus for colour photography, on a six months' tour of Britain and the result might not be more than something of the scenic film class. I think it is difficult to try and assess the value of documentary films in terms of money expended per foot on production. My association would oppose that method of assessing creative value.

435. I quite see, taking it as the sole test, but you do not think it would be an advantage which would admit a great many films without question, and that in special cases such as the first instance you gave us there should be the right of appeal to a committee such as you have outlined here?—Yes.

436. It would lessen the work of the committee enormously if you could admit a great many films automatically, I am afraid otherwise it is going to be a task of extreme difficulty?—Yes.

437. To examine the credentials of all these films?—I should not like, Sir, in view of that, to commit myself or my association to making any statement as regards the actual figure of cost of the documentary film. I would still like to put the point that it would be a difficult method.

438. Would cost let in a great many films which you would like to see excluded?—I think it would.

439. You think it would be a dangerous basis to take the cost of films?—I think so. I think we have noticed that in the question of "quickie" story films in the working of the present Act.

440. Then you say, in paragraph 2 (*d*) of Part C, that you wish to exclude certain classes and you mention advertising films. Is it easy or would it be possible to identify these films before registration?—I think if a film is made for direct advertisement and payment is made to the exhibitor for its showing that it is extremely unlikely that the film in question would be submitted to the Board of Trade for quota, but even if it was I think there should be no difficulty in observing its advertisement matter.

441. But there might be a certain number which are not so obviously excluded on that, which would be rather difficult to identify, I should think. What exactly is a "trailer"?—A trailer is a short length of film, averaging 150 to 250 feet, comprised largely of excerpts from films, holding out inducement to the public this week to come and see next week's film. They are straightforward advertisement run at a cinema to advertise next week's programme.

442. I see, and a film distributed free of charge, is it necessarily valueless from the cultural point of view?—I would not suggest it would be valueless from the cultural point of view, but I feel that if a film is being distributed free of charge its production has obviously not been on an economically commercial basis.

443. No, but you are not now basing your case on a commercial basis from the point of view of giving employment, but rather from the cultural point of view. I should have thought there might be some of these films produced by cultural organisations which would be distributed free of charge. Does that not arise?—I do not think it is quite fair to the renter and exhibitor, or to the producer for that matter, if the methods which have been adopted in, say, three films made recently and which have been distributed free. It is not quite fair to the producers of documentary films if they are meeting that competition. It is similar to the American distributor giving away free short films.

444. But you are, after all, proposing to let in films on quite a different basis from the claim which is made by the producers to have such special terms. It is a little difficult to see why you should draw the line at other good films just because they go a little further in the non-commercial element, but still I see your point?—I think it is rather a rare occurrence. I should imagine that it is unlikely that there would be a spate of films distributed free of charge.

445. Well, we have heard something of the evil of blind and advance booking, and it is generally believed that the present provisions are not entirely successful in checking it. Does this problem arise in the case of shorts?—As far as the distribution of British documentary films is concerned, I personally have not had experience of cases of blind or advance booking. I think our chief difficulty is that there is a different interpretation of the term "blind booking," in that exhibitors are inclined to book short films, particularly of our type of documentary film, on the sound of their titles, and probably in numbers rather than on the quality of the individual films. We have certainly suffered that, and know of cases where exhibitors say, "Please send me half a dozen short pictures," which is the attitude we are trying to fight. We are trying to persuade an exhibitor to ask for six films about which he knows who is the producer and that their entertainment value is of a high standard.

446. (*Chairman*): Thank you very much.

447. (*Mr. Holmes*): The only thing I want to ask you is this. Will you assume, please, treat it as a pure assumption, that Parliament decides to abolish the renters' quota altogether and to increase the quota of the British-made films and reduce the foreign quota? Would that not give you with your documentary films a fair and increased chance of being able to rent them to exhibitors?—Do I understand that you are suggesting the abolition of renters' quota but the maintenance of exhibitors' quota?

448. Yes, an increase of the exhibitors' quota?—I should imagine that that certainly would encourage documentary production.

449. (*Mr. Holmes*): That is all I wanted to put, thank you.

450. (*Sir Arnold Wilson*): Will you turn back, Mr. Rotha, to Part A, paragraph 3 (*a*)? I have got a good many questions to ask. Is it a fact that a large proportion of the renting and exhibiting fraternity consider the Film Society, to which you refer, as an amateurish group having no relation to the box office public and therefore of no importance?—That is so.

451. And would not the fact that a film had been shown to the Film Society really stigmatise a documentary or any other film in the eyes of any other exhibitors and most renters as being *prima facie* evidence that it was not suitable for the general public?—That is possible.

452. Has the trade and the national press respectively been on the whole encouraging in their attitude to these documentary films?—The national press has been extremely encouraging.

453. The film trade press?—The film trade press has also been encouraging.

454. Then in paragraph 3 (*b*), how far have the renters proved to be obstructive either by ignorance or prejudice or lack of courage or all three?—I think it should be remembered that six years ago we started documentary film production in this country from scratch without any help from the film trade whatsoever. The documentary movement was started by the Government in this country by the Empire Marketing Board. It has been a struggle, firstly, to find the means of production for documentary and, secondly, to find the machinery of distribution. There are some renters who are favourable to documentary films, but it has been a struggle on our side to persuade other renters to take them. To-day from our point of view, the situation is improving.

455. Did the Empire Marketing Board find difficulty in getting their films on the screen?—Some of their films, yes. The notable groups was the Industrial Britain series which was taken by Gaumont British Distributors, which I understand was extremely successful.

456. Does your company offer its films to different renters and exhibitors by personal application?—The

Association of Realist Film Producers is not a production or distribution firm. It is a consultative body. It does not actually produce or distribute films itself.

457. Who does actually distribute a documentary film when made?—There are at the present moment I think four or five commercial producing firms of documentary films. There is Gaumont British Instructional Ltd., Messrs. Pathe, the Strand Film Company, London Film Productions Ltd., such companies as Ace Films and Gee Films, and several other smaller concerns. They are actual producers and negotiate with trade renters for distribution in the ordinary way.

458. Have you had any experience in that direction of getting home a documentary film taken up by a renter?—Have I had personal experience?

459. Yes?—Yes, Sir, I have.

460. To what extent do you think that the persons with whom you deal are really competent to form a judgment as to public taste in different parts of Great Britain?—To that I would reply, in my own personal opinion (and I am not speaking on behalf of my Association now), that I do not think some of the persons with whom I have had to deal are qualified to assess the public taste for the films we have been trying to distribute through them.

461. What proportion of those with whom you have to deal for distributing films do you think are born and bred in this country?—I should say perhaps 10 per cent. are not born in this country, considering that many are American, but that is pure surmise.

462. The most influential part is the 10 per cent.? —That is possible.

463. (*Mr. Holmes*): Ten per cent. are foreign?—I should think 10 per cent. of the renters.

464. (*Sir Arnold Wilson*): Now, in paragraph 3 (*c*), you say:

> " The members of the film trade of this Committee, however, are representative only of the production, renting and exhibition of fiction films. Neither film technicians, nor those who have made a special study of film producing or renting documentary films, are represented."

How far is this because of the very recent development of the documentary market?—I think it is partly due to that. When the Act was framed there was no such thing as documentary film production.

465. Would you be in favour of the technicians being represented also on this Advisory Committee? —I suggest that one technician might be present.

466. Then have they ever made any application to that effect to the Board of Trade?—Not as far as I am aware.

467. Is there anything in the Act which would prevent the Board of Trade from modifying the composition of the Advisory Committee to admit them?—I cannot answer that question without reference to the Act. I think it is unlikely.

468. (*Chairman*): The composition of the Advisory Committee seems pretty definite in the Act?

469. (*Sir Arnold Wilson*): Yes, it is not possible for the Board of Trade to add to it. You could scarcely expect to be one of the two representatives of the film makers, you could scarcely expect us to have a technician as representing the renters or exhibitors, and therefore the Act would require alteration to meet your point. I wished to establish what the position was?—Yes, we suggested the establishment of a sub-committee rather than the addition of fresh members to the Advisory Committee.

470. Then in paragraph 4, has the substitution of the longer for the shorter quota film made it more difficult for documentary films to achieve results or not?—Quite definitely, more difficult.

471. Once full quota or exhibition quota has been secured for a documentary, who is most likely to support it, the independent owner of a theatre or the circuit manager?—I think there is very little difference.

472. In paragraph 4, how far have renters and exhibitors taken advantage of this cumbersome machinery, as you describe it, in order to keep documentaries out of the cinema?—I do not think they have really considered it from the point of view of cumbersome machinery. I think that it has affected the producers more than the exhibitors. It is we who are trying to sell documentary to the renters and exhibitors and not they who are trying to sell it to us.

473. Thank you, that is important. Then in paragraph 5, I have a certain responsibility for this, because the differences which you mention were decided on by the Advisory Committee of which I am Chairman. Is it your view that the two films, " The Key to Scotland " and " Beside the Seaside," were handicapped by having been definitely made as documentaries by a firm specialising in this type of film, and therefore appeared at first hearing to renters and exhibitors, who are the majority on the Commission, as being too highbrow for them?—I am extremely surprised to hear that any renter or exhibitor could consider a film like " The Key to Scotland " or " Beside the Seaside " as being highbrow. They are the simplest of films——

474. I am not saying they were, but the mere fact that they were made by a firm specialising in documentary films would have created a certain prejudice?—That is possible.

475. Like the declared approval of the Film Society?—That is possible.

476. In paragraph 6 you imply discouragement. Now, as I came up in the train I recorded seven possible reasons. Lack of official awareness?—On the part of whom?

477. On the part of officials of the industry as a whole?—Yes.

478. Obstruction from the trade?—I should say no.

479. Lack of sympathy between the personnel of documentary companies, such as you and Mr. Grierson and others, and the trade?—I would prefer to call it lack of understanding.

480. Lack of organisation and adequate propaganda and business acumen amongst the personnel of the documentary companies?—Definitely not.

481. The difficulties of proving special exhibition value in advance?—I think that has been difficult

482. And is still difficult?—Yes, for the reasons given earlier. From the point of view of testimonials, no. That can be quite simply obtained.

483. Lack of funds? Is your finance adequate for the particular purpose, is the finance of the documentary companies adequate for the particular purpose at present?—Quite.

484. Has the trade press been fair to your documentary films in the last 12 months?—I think the important sections of the trade press have not only been fair but they have given us a very great deal of encouragement, as witness some of the press excerpts at the end of our memorandum.

485. Now we come to Part B, in what centres in the United Kingdom do documentary films achieve the best audiences, the best support from audiences? —I would say in the key cities.

486. Is there a demand for British documentary films abroad?—There has been quite a wide distribution abroad. I would not say on a very good commercial basis because, as you probably know, distribution abroad at the present moment is difficult, but most of our documentary films have certainly circulated abroad.

487. And the Colonies and Dominions?—Certainly.

488. Do you get a fair show in India?—To my knowledge no documentary films have been shown in India. Australia, yes, South Africa, yes, Canada, yes, New Zealand, yes.

489. Have you tried documentary films of India?—There is a documentary film of India now being produced.

490. Did the Ceylon documentary film have a good showing in Ceylon?—It was very successfully shown in Ceylon and received excellent press notices there.

491. Paragraph 3; do you think that the renters' interpretation of the term " special exhibition value " would approach more nearly to the proper definition of that of the Advisory Committee or vice

versa?—I should suggest that the judgment of the Advisory Committee is the better one.

492. Would it not be fair to say that the renter knows pretty well what he can sell to the public and would frame his interpretation accordingly whereas an Advisory Committee might tend to become rather viewy and to classify films on a basis which the average exhibitor might consider incomprehensible?—I see your point there. I do feel—if I may go into it in detail for one moment—that the renters, at the present moment, are trying to distribute documentary films about which they know very little. I think we are agreed on that point. In order to help the distribution of documentary films we have done a very great deal of good by getting publicity for documentary films in the national press and amongst the public itself.

493. You suggest in paragraph 5 of Part B that the decision as to quota should be made by a special sub-committee of the present Advisory Committee. I think I may say that I have already asked questions as to whether the Advisory Committee is in all respects the right body to deal with that sort of thing at all, whether a special *ad hoc* body should not be formed. Have you got no particular opinions on that?—So long as the *ad hoc* committee is representative of documentary film interests I have no further opinions.

494. Supposing that such a committee was set up and did decide, as a matter of high policy, to give greater opportunity and greater recognition to documentary films, are the makers able to take immediate advantage of any change in the Act?—Yes, definitely.

495. In paragraph 6 (*a*) you say:

> "Documentary Films are capable of wide development. The advent of sound, for example, has greatly added to the entertainment appeal of Documentary Films."

How far will colour which is not far off, as I understand, add to the documentary film from the point of view of intrinsic value and public appeal?—That is rather a difficult question to answer. My own opinion is that probably colour will provide great opportunities for experiment, provided sufficient finance is available (because colour is expensive).

496. The point is this, that colour is more likely to be applied to the studio films than to the documentary film which is not studio?—I think that is true until equipment and apparatus for colour cinematography become a great deal cheaper and a great deal more portable.

497. So that the advent of colour might naturally hamper the documentary film?—It might hamper the distribution because I think documentary films will continue for three or even five years to be made black and white whereas they will have to be shown alongside fiction films perhaps made in colour.

498. What steps have makers of documentary films taken to interest the renters and distributors and to show them that a certain leavening of the programme with films of cultural interest and value is a commercial proposition?—It is difficult to say exactly what steps in so many words, except that many meetings have taken place between producers of documentary films and well-known renters with a view to trying to persuade renters to widen their distribution of documentary films and to try and sell documentary films on their own merits, on their own quality as documentary films and not just as make-weights.

499. You put in an earlier stage the circuit manager and the independent exhibitor on much the same level as regards their readiness to receive documentary films?—Yes.

500. What proportion do you think are prepared to admit that there exists a public ready to receive a proportion of creative rather than descriptive interpretations of natural life from time to time?—Without a considerable amount of analysis it is difficult to answer you offhand.

501. What is your purely personal impression?—I should say at the present moment probably about 10 per cent. is aware that the documentary film is something different from the make-weight, but I do not think they have quite got the courage to experiment yet except in certain instances.

502. And there were not 5 per cent. four years ago?—I should say less than 5 per cent.

503. The proportion is growing?—Yes.

504. Your propaganda, your influence, is beginning to have a leavening effect?—Four years ago the film trade had never heard of the term "Documentary." Now they use it frequently.

505. You mentioned "The Song of Ceylon" which got the highest award. Do you consider that particular example was what one might call a producer's picture? Was it the sort of thing which producers would have done for themselves?—I think that is unlikely. The only equivalent I can think of is a film like "Man of Aran", which falls into the documentary class which was produced by the Gaumont-British Company. That is a larger and a longer film than "The Song of Ceylon".

506. What are the chief causes which have contributed to the growing reputation of the documentary film?—I think first and foremost their value from a national, Empire and cultural point of view and the fact that in the documentary film it was the first time that the people, the landscape, and the organisation of industries in this country, have been put on the screen.

507. What proportion of producers and renters care twopence for the British Empire or anything to do with it?—I should say a small percentage put Empire values before commercial values.

508. Even under the present regime are the prospects of documentary films brighter than at any other time? Do you feel that they are on the upgrade?—I think the movement is definitely on the upgrade.

509. Then in paragraph 7 of Part B you submit that all material should be admissible if treated in conformity with a certain scale of definite creative standards?—Yes.

510. Would you not be willing that any particular body should lay down those standards?—I think the standards themselves are extremely difficult to define. It is a different thing from the assessing of the creative treatment of those things.

511. But you would be content that there should be an outside body which should lay down whether the finished product comes up to the standard?—Definitely, so long as that body is representative in some way of documentary interests.

512. And you think that could be done by a modification of the existing Act?—Yes.

513. And you would be prepared even to allow special entertainment values peculiar to documentary films to be assessed under rules to be laid down by the Board of Trade in conformity with the Act?—Yes.

514. But you continue in Clause (*a*) of the same paragraph to suggest the admission of new subjects to quota. Surely that is liable to give rise to controversy and confusion in view of the fact that the major alien renting companies control the majority of newsreel organisations in this country?—There is a great deal of difference between a current event or an item of news presented in a documentary film and an item of news presented in a newsreel. No documentary director, for example, would take a current event happening this week and make a documentary film out of it straight away. It necessitates that at least three weeks or a month should elapse. The mere fact that there is a creative treatment of that current event or news-item means that a period of time must elapse. To give an example, from the film "Shipyard" in which the launching of the liner "Orion" was depicted, the launching itself was included as a news-item in the

newsreels at the time. It may have been shown on the newsreel screen within a matter of 48 if not 24 hours after the event took place. But it was a matter of four months before the launching of the "Orion" was incorporated into the documentary film "Shipyard". Do I make that point clear?

515. (*Chairman*): Yes, thank you.

516. (*Sir Arnold Wilson*): I will not question you on Clause (*b*), but I feel there is real danger in admitting films depicting wholly or mainly natural scenery into the documentary class for quota. I can see that there would be a possibility of abuse?—Even with the further matter of the proof of documentary quality, which we suggest in Part C, paragraph 2 (*g*) (i), which is that, "Every maker of documentary films who wished a film to become eligible for quota should be required to furnish the Board of Trade with a detailed description of how the subject of the film is treated"? I think it is possible to have a film of natural scenery where it would not be difficult to give a really creative visual and oral treatment of it, such as "Song of Ceylon".

517. You bring in under Clause (*e*) of paragraph 7 the question of "films depicting wholly or mainly industrial or manufacturing processes". Now, this is an exceedingly important point?—Yes, Sir.

518. There are certain firms, the Great Western Railway Company for example, the Anglo-Iranian Oil Company, the British Broadcasting Corporation, the Post Office, all of which are for practical purposes commercial money making concerns whose object is to spiritualise and to popularise and to give dignity to the operations of the great numbers of men which they control. It is technically correct to say that they are desiring to advertise. It is really true that they are desiring to popularise and to put on the highest level the industry which they represent. Is it not possible that a great number of persons will be content to accept that and to ignore the advertising value altogether?—Yes, I think that is quite possible.

519. Do you think any considerable number will object to being propaganded, so to speak?—You are referring to the people in the audience?

520. Yes?—I think that if the film is sufficiently well made they will not object, witness "Night Mail", "Workers and Jobs", "Face of Britain", and others.

521. Coal miners will not say to a film regarding the oil industry, "Here is another insidious attack to deprive us of our livelihood by popularising what is essentially a danger to our trade"?—I should hardly think that attitude would be taken. I think that the attitude which would be taken is one of interest——

522. And the motor industry will not say, "Here are the railways using the films to attract people on to the railways and thus to undercut the great motor industry"?

523. (*Mr. Holmes*): They can do the same.

524. (*Sir Arnold Wilson*): They can do the same, yes?—I think one must draw a very wide distinction between the question of public relations and the question of direct advertisement.

525. On your point, because public relations is one point and direct advertisement by documentary films is another; the "Shipyard" film is a case in point. It might well be worth the while of the shipyards in this country to spend large sums on advertising.

526. (*Mr. Holmes*): Such as is done by Boots the chemists?—That falls into the class of direct advertising.

527. (*Sir Arnold Wilson*): It is very difficult to say where direct advertising begins and ends, but I do not want to exclude them merely on the ground that there is an element of direct advertising. I will turn now to paragraph 7, Clause (*f*). Judging by the enormous sales achieved by cheap literature of all types dealing with popular science, popular botany, popular history, which anyone in the publishing trade knows to be a feature for the last six or eight years, would not one expect to find a road to the market for short films on the same lines?—I agree, one would expect to do so.

528. And that being the case is it correct to say that this category may be fairly excluded?—I think it would be rather unfair to exclude it as is at present the case. I think again there production will be on the upgrade.

529. I have made a study at one time of errand-boy literature, and I found that science, dramatically treated, is almost as popular as the "Dead-Eye Dick" fiction, and it has always surprised me that in the cinema there is such a concentration on "Dead-Eye Dick" films to the exclusion of what I know to be the general interest of errand boys and factory youths?—As an example there is the series "The Secrets of Nature," natural history films.

530. Would you say that it has been established beyond any shadow of doubt that children and animals are the most universally popular and entertaining subjects on any screen?—I should not care to say that they are the most universal. I would say they are one of the most universal.

531. Turning to Part C, paragraph 1, if that full quota could be granted to all documentary films, would you be prepared, supposing that you get full quota, to let documentary films take their chance in the ordinary programme at the discretion of the renter or the exhibitor or would you wish to have a special set of rules governing the exhibition and exploitation of documentary films?—No, we do not suggest that there should be a special set of rules, but I do think what will affect the case is our second point in paragraph 2 (*b*) which is that the footage of imported short films should be offset by British short films and not by long films as at present.

532. In fact you would advocate a more rigorous exclusion from this country of foreign shorts?—I would.

533. In paragraph 2 (*g*) you are content to contemplate an advisory committee or sub-committee which would be the sole and final arbiter of taste, quality, and standard, and of creative treatment?—Provided that on the advisory committee documentary interests were represented.

534. How far would you regard it as desirable to have the public represented?—I think it would be very advisable.

535. Assuming that an advisory committee was formed and endowed with powers to guide the activities of the documentary producer, would you favour a permanent committee sitting for the duration of the Act or a transient panel?—I would suggest a transient panel would be more satisfactory.

536. The Royal Fine Arts Commission is a notable example of an advisory board on art. Do you not think that whatever body is established should be quite independent of the trade and have a majority of the public on it?—I think there should be a majority of the public, Sir, but if in the general Advisory Committee dealing with fiction films the film trade should be represented, as at present, by eight members, I think that on the committee appointed to look after the documentary film interests at least a producer or renter of documentary films should be represented.

537. (*Sir Arnold Wilson*): My Lord Chairman, that concludes my questions. I thank the Committee for their courtesy.

538. (*Mr. Cameron*): I will not keep you very long because the ground has been very well covered. I am not quite sure after this discussion whether in your mind that committee would have to see all films or merely adjudicate any difficult cases?—Merely adjudicate. I think the question of seeing films would be obviated by—if I may refer you to Part C, paragraph 2, (*g*), (i), (ii) and (iii), the evidence furnished by the producers of the documentary films on which I suggest the Board of Trade itself could act.

539. But you also expressed the view that under existing machinery it was rather difficult to tell whether a film was a genuine documentary film or the kind of travelogue that you were contrasting with it simply by description. There is a danger, is there not, of confusion?—I think the danger at the present moment is this—that the producer is requested by the Board of Trade to supply a detailed description, shot by shot, of the documentary film, and I suggest that a detailed description shot by shot is not in any way a fair test of the value of that film. I would make the point in this way. One might go and photograph 20 scenes in Parliament Square, and you could put down as your description, " Twenty Scenes in Parliament Square," which is no test of what that film is about until you see those shots on the screen. I think that method of giving evidence by means of a shot by shot description is wrong, but I think that a description of the visual and oral treatment of a documentary film would give some idea of its creative value.

540. The essence of your case is that you want to distinguish between those two types of film, the documentary film with its contribution as a statement of the national culture, and a film that is simply made up with no particular artistic conception or skill in production. Is that the gist of your case?—That is the case.

541. Now in your answer to Mr. Holmes earlier you said that if the renters' quota were taken away altogether and you simply had a heightened exhibitors' quota, you thought that would on the whole encourage the development of the documentary films?—Yes, with one addition, and that is the fact that imported short films shown by exhibitors would have to be offset against English short films.

542. Yes, that is implicit in your case, is it not? —Quite.

543. That shorts should be offset against shorts?—That shorts should be offset against shorts and longs against longs.

544. But would there not be a danger if the renters' quota were abandoned that the exhibitor would be flooded with commercially made shorts that did not come up to your standard, or do you think there would be no more danger of that than under a scheme for the retention of the renters' quota?—I do not think that would occur any more than it does at present. If that did occur I think it is up to the documentary film makers to prove the quality of their films.

545. I see: that is rather an important point?—Certainly.

546. In paragraph 2 (*d*) (iv) you mentioned the films distributed free of charge. There is one point that has not been made in connection with that. Have you considered the relationship between documentary films and the films sent over by the Dominions which are distributed free of charge?—Are they distributed free of charge to the public cinema theatres?

547. I am not sure myself; I am asking for information?—Are you referring to films such as those produced by the South African Government which are admitted into this country?

548. Yes?—They are travel films, and are, I believe, distributed by a commercial company in the film trade and a rental is charged for those films. They are not distributed free of charge to the public cinemas. As far as the South African Government is concerned, they are free of charge for private showing, but the actual trade renter who undertakes to distribute those films through the public cinemas charges a rental.

549. So whether they are real documentary films or just travelogues they do not impinge on this case?—No.

550. Now, almost the last point that Sir Arnold Wilson raised, the clause where you speak about the scientific films, including natural history films, being fairly excluded, you then go on to say, in Part B, paragraph 7, clause (*f*):

" On the other hand . . . ."

The words which follow " on the other hand " I take to be an actual recommendation?—Yes.

551. Not the first sentence?—Certainly. I would point out, my Lord Chairman, that our memorandum mainly deals with documentary films. The educational film, from the point of view of this memorandum, was considered as a secondary point.

552. But you would agree that the two are coming closer together?—I agree.

553. And that a documentary film may, in fact, have a wider educational value than a film made for purely teaching purposes. You would endorse that strongly?—I would.

554. (*Mr. Cameron*): Thank you.

555. (*The Hon. Eleanor Plumer.*) In Part A, paragraph 4, where you are discussing the question of the production of shorts, you said you were working under difficulties, and you say:

> " This shortage would not have been so great if documentary films had been eligible for full quota,"

and so on. How far is the position affected by the apparently growing popularity of the two feature programme? Does that not in itself exclude a certain number?—I think the two feature programme has certainly done a great deal to hinder the distribution of short pictures. How long the double feature programme is likely to continue is a matter of speculation. I do agree it has to a certain extent given stimulus to the longer type of documentary film. For example, with a two feature programme it would be comparatively simple, provided full renters' quota can be obtained, to distribute a four-reel documentary film which would come as a second feature to a main film, but it would be very difficult to distribute a two-reel documentary film.

556. I see, but you rather suggest that with the development of more intelligent public opinion, more intelligent audiences, a reaction against the two feature programme might reasonably come in and that there would be a wider opening for documentary films?—That is possible.

557. You hope that might occur?—Yes.

558. Then, in Part B, paragraph 6 (*c*), there is a matter of interpretation. You say:—

> " It should be noted that the term ' special exhibition value ' sometimes means appeal to specialised audiences."

I do not quite understand what you mean by that? —I would suggest this, that the term " special exhibition value " may be used to define the appeal of a film like the " Song of Ceylon " to such audiences as go to cinema houses such as the Academy or the Everyman and Studio 1 or Studio 2 as distinct from audiences who go to a large theatre like the Plaza or the Empire or the Carlton. It is a specialised appeal as against a wide appeal.

559. I see. Then in paragraph 7, Clause (*b*), Sir Arnold Wilson raised the question of the films depicting wholly or mainly natural scenery, and he pointed out to you the difficulties which might arise in connection with that. Do you consider those equally important with the other films that you include? Supposing films depicting natural scenery were excluded and the others allowed would you consider that a comparatively satisfactory result?—No, I would not consider it as comparatively satisfactory because I have yet to discover what might be done from a creative documentary point of view with natural scenery. I think it is perfectly possible to make an extremely entertaining and amusing film of natural scenery, and I think much might be done, as Sir Arnold mentioned, with colour.

560. The interest would be entirely cultural; it would not help very much the employment of large numbers of people?—I think it would employ as many as the ordinary documentary film production.

561. Would it?—Using colour, for example, one would probably make a film in black and white as well which would mean a camera crew of at least five people besides a producer, director and other assistants. This is not a negligible number.

562. I quite agree, I had not thought of that. Then in Part C, paragraph 1 (*d*), you say:—

> "Documentary Films are one of the finest means of training film technicians."

I think everyone who has seen a documentary film would agree with that. You then say:—

> "Any encouragement of Documentary Film production must influence the technical quality of all types of films."

That is a very large claim. Do you think that the increased documentary film production would be sufficiently great to make a sufficient number of technicians available for the production of ordinary entertainment films?—I think I can best reply by saying that the membership of Associated Realist Film Producers, Limited, whom I represent, is, I think, 12 people. Most of these people, who are reputable documentary film producers, have to my knowledge in the last year been offered posts in the ordinary story film studios on the grounds of their technical knowledge. Secondly, I would say that the application list of people wishing to come into documentary film production grows longer week by week and is becoming embarrassing, chiefly of young men coming from the universities and elsewhere who wish to go into film production, but who will not go to an ordinary film studio but prefer either to come to ourselves, the G.P.O. film unit, or the Strand Film Company, or G.B. Instructional as the chief producers of documentary films.

563. You say the applications are becoming embarrassing. Do you see your way to giving them the training that they need to cope with that demand?—If there is encouragement given by getting a full renters' quota by all means.

564. But there is only a limited number of people qualified to give the training at present, is there not?—Quite, but it is the custom on documentary work to employ at least one new person on every film.

565. Is that part of your system?—Quite definitely, and if I may speak, my Lord Chairman, not as representative of the Associated Realist Producers. Limited for the moment, but in my capacity as director of productions for the Strand Film Company, I have two films being produced under my supervision at the moment. On both units I am employing people who have not before worked on documentary films and who are being thoroughly trained. I have two new films starting at the beginning of June, and on them I am employing two more new people who applied to me last year. That is our custom. Then, when two further films come along, the two people who started training will be advanced in their positions, and we are thus gradually getting trained personnel.

566. Is that your idea only or is it being done generally?—It is being done by the two sources of documentary film production, by the G.P.O. film unit and by the Strand Film Company, with which I am familiar.

567. (*The Hon. Eleanor Plumer*): Thank you very much, that meets my point.

568. (*Chairman*): We are very much obliged for your evidence.

(*The Witness withdrew.*)

ANNEX I.

CONSTITUTION OF ASSOCIATED REALIST FILM PRODUCERS LTD.

Members of Association.

Edgar Anstey.
Andrew Buchanan.
William Coldstream.
Arthur Elton.
Marion Grierson.
J. B. Holmes.
Stuart Legg.
Paul Rotha.
Alex Shaw.
Evelyn Spice.
Donald Taylor.
Harry Watt.
Basil Wright.

Consultants of Association.

Alb. Cavalcanti.
John Grierson.
Prof. J. B. S. Haldane, F.R.S.
Prof. Lancelot Hogben, F.R.S.
Julian S. Huxley.
E. McKnight Kauffer.
Walter Leigh.
Basil Ward, A.R.I.B.A.

Associated Realist Film Producers is an independent, authoritative body acting as a consultant film organisation to Government Departments and other official bodies, to the various public services, university and education authorities, industrial and commercial organisations, and others anxious to make their activities known to a wide public.

A.R.F.P. is not itself a commercial production or distribution company but co-operates with existing film companies in the production and distribution of films. The association co-ordinates and develops the field of documentary cinema by grouping together producers and directors who have established themselves among the leading makers of documentary films.

As a group, A.R.F.P. is affiliated to the Association of Cine-Technicians. It welcomes and endorses in its entirety the memorandum drawn up by that body on quota and the British fiction film.

ANNEX II.

DEFINITION OF A DOCUMENTARY FILM.

A Documentary Film, that is to say a film dealing with living facts and real life as distinct from fiction, aims to be something more than a prosaic description. It implies the use of the camera and the microphone to dramatise actuality, a use of cinema that requires a creative ability quite different from the technical skill of using camera and microphone to reproduce the natural scene. In its interpretation of current events, Documentary Film is concerned with the meaning *behind* things and the significance *underlying* persons. Unlike the travel or scenic film, it penetrates beneath the surface of the contemporary scene. Thus, it is not only the subject but the creative way in which that subject is treated that is of importance in the Documentary Film. To the Documentary Film-maker, every manufacture, every organisation, every source of public service, every current event represents at one point or another the fulfilment of a human interest.

The Documentary Film, quite simply, aims to bring about an awareness in every person of their place in everyday life and of the responsibilities of good citizenship implied by that membership. Whether dealing with familiar subjects at home or with the more distant parts of the Empire, the Documentary Film fulfils the same purpose of combining knowledge with entertainment, presenting its themes with a technical and creative skill which has no equal in cinema. As examples may be given:

Song of Ceylon, which brought to the screen for the first time a creative interpretation of the people, crafts, industry and landscape of Ceylon with a lyrical and poetic treatment which has attracted international attention.

Night Mail, a dramatic report of the postal special from Euston to Glasgow, which has compelled immediate enthusiasm from audiences of all kinds.

Shipyard, an impressionistic treatment of the building of a liner told with reference to the social and economic life of the people whose livelihood depends on ship-building.

ANNEX III.

Excerpts from Newspapers and other Sources Relating to Documentary Films.

The Times. 23/11/35.

" A great public has now been won for films of this kind, in which the British school is pre-eminent." (Leading Article.)

Morning Post. 27/1/36.

" In the film world it (documentary) describes a form of cinema, much ignored in this country, which nevertheless contains more claims to recognition and to greatness than all the super-productions of the commercial studios."

The Observer. 9/2/36.

" Documentary Film, the film with a social thesis and no footlights, is a vital and growing force in the cinema of to-day." (C. A. Lejeune.)

Daily Telegraph. 31/1/36.

" The purpose of the documentary film is to get away from the theatrical tradition, with its purely entertainment appeal, and to find in the wider fields of actuality an appeal which will be more educative, more intellectual, more aesthetic and therefore more durable." (Harold Nicholson.)

Manchester Guardian. 11/2/36.

" Documentary films have been made for years, but only recently has their importance been recognised. Now, owing to the work of several groups of young men dissatisfied with ordinary commercial conditions, England is producing a number of industrial, propaganda and publicity pictures which are her chief contribution to the cinema." (Robert Herring.)

The Cinema. (Trade Paper.) 13/2/36.

" In no field of cinema has greater progress been achieved than in that of the documentary or real life film. This process has been a dual one, for whilst the non-dramatic form has inspired the most advanced technical and directorial developments, it has also got nearer to life and contributed more to social advancement and thought than the entertainment film has done in thirty years."

" *Sight and Sound* "—Spring, 1936.

" A man or woman who does not realise what scope for intelligent effort directed towards the advancement of human welfare, along non-party lines, the use of Documentary offers, belongs to the political past and has no place in the political future." (Prof. Lancelot Hogben.)

Evening Standard. 29/1/36.

" Documentary . . . has won a place in cinema. It is entitled to as important a place as the essay in literature, where the novel, in popular regard, must always remain supreme. But the documentary approach will go on influencing the commercial film of entertainment and the influence will be for the good of the cinema." (Ian Coster.)

ANNEX IV.

Data regarding Films mentioned in the Memorandum.

The Key to Scotland.
Production: Strand Film Company.
Direction: Marion Grierson.
1934.

Beside the Seaside.
Production: Strand Film Company.
Direction: Marion Grierson.
1935.

Song of Ceylon.
Production: Cinema Contact Ltd.
Direction: Basil Wright.
Distribution: Denning Films.
1935.

B.B.C. the Voice of Britain.
Production: G.P.O. Film Unit for the British Broadcasting Corporation.
Direction: Stuart Legg.
Distribution: A.B.F.D.
1935.

Night Mail.
Production: G.P.O. Film Unit.
Direction: Harry Watt.
Distribution: A.B.F.D.
1936.

March of Time. (Series.)
Distribution: Radio Pictures.
1935 and 1936.

Shipyard.
Production: Gaumont-British Instructional Ltd.
Direction: Paul Rotha.
Distribution: Gaumont-British Distributors.
1935.

The Face of Britain.
Production: Gaumont-British Instructional Ltd.
Direction: Paul Rotha.
Distribution: Gaumont-British Distributors.
1935.

Industrial Britain.
Production: The Empire Marketing Board.
Direction: Robert Flaherty.
Distribution: Gaumont-British Distributors.
1933.

Contact.
Production: British Instructional.
Direction: Paul Rotha.
Distribution: Wardour Films.
1933.

Coal-Face.
Production: Empo.
Direction: Cavalcanti and Grierson.
Distribution: A.B.F.D.
1935.

The Life of a Plant.
Production: British Instructional Films.
Direction: Percy Smith.
Distribution: Wardour Films.
1933.

Shadow on the Mountain.
Production: Empire Marketing Board.
Direction: Arthur Elton.
Distribution: Gaumont-British Distributors.
1931.

Wake up and Feed.
Production: Gaumont-British Instructional Ltd.
Direction: J. B. Holmes.
Distribution: Gaumont-British Distributors.
1935.

Private Life of the Gannets.
Production: London Films.
Direction: Dr. Julian Huxley.
Distribution: United Artists.
1935.

THIRD DAY

Tuesday, 19th May, 1936 (Afternoon Session).

PRESENT:

The Right Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A. | The Hon. ELEANOR M. PLUMER.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. S. H. COLE, Mr. D. DICKINSON and Mr. G. H. ELVIN (*Secretary*), representing The Association of Cine-Technicians called and examined.

The Committee had before them the following memorandum of The Association of Cine-Technicians:—

GROWTH OF BRITISH FILM INDUSTRY.

The Association of Cine-Technicians is frankly appalled at the suggestions that have been made in certain quarters that renters' quota should be abolished or considerably reduced upon the approaching expiry of the Cinematograph Films Act, 1927.

The Association is of the opinion that the growth and present size of the British film industry, with the consequent employment to thousands of British persons, is almost entirely due to the " Quota Act."

There was a period in 1925 when only one major picture—" *Satan's Sister*," directed by George Pearson and starring Betty Balfour—was being made. While this production was on location in Jamaica, there was no other major film in production in the entire British Empire.

For the year ended 31st March, 1934, over two hundred British films were registered under the C.F.A., and actual British production was in excess of this amount, as, under the Act, certain types of film are not eligible for quota.

It is felt unnecessary to enlarge upon the growth of the British film industry during the past ten years, as the information will be ascertained through replies to the questionnaire sent by the Board of Trade to British studios. It should be emphasised, however, that had there been an Association of Cine-Technicians at one time in early 1927 its maximum possible subscribing membership on the studio side could not have exceeded twelve. At present membership is approaching 1,000, which figure does not include every technician in the industry.

" The Quota Act " has largely enabled the British film industry to develop, not only as regards actual number of productions but also as regards the quality and size of such productions. Without the " Quota Act " it is felt that it would have been almost impossible to build up an industry which could have produced films such as " *Henry VIII*," " *Rome Express*," " *The Man Who Knew Too Much*," " *Shape of Things to Come*," " *Thirty-nine Steps*," " *Escape Me Never*," " *Nell Gwyn*," " *Queen of Hearts*," *and* " *Blackmail*."

CRITICISMS OF THE 1927 ACT.

1. BAD QUALITY QUOTA PICTURES.

Bad quality pictures have been produced in order to fulfil renters' quota, and it is felt that most of these pictrues were bad simply because no effort had been made to make them otherwise.

This is particularly so in the case of foreign renting companies, by whom the " Quota Act " was regarded more as an import tax on their foreign product than an aid in the building up of a British industry. Some companies are alleged to have purposely made bad pictures in order to show up the superiority of foreign productions. For example, one foreign company makes pictures in this country which are scheduled to be made in eleven days. There is a well-known instance of a British technician who criticised the set constructed for his film, and the retort received was to the effect that " What does it matter, anyway, the film will never be shown."

Several films made have had bad press and public receptions. If the intention to make good pictures was serious, then the same company would not continue to employ the same directors for subsequent pictures, as they have been known to do.

2. RETARDING PROGRESS OF BRITISH TECHNICIANS.

The making of " Quickies " and inferior pictures merely for quota purposes is reflecting detrimentally on the British technician.

The " Quota Act," as we suggest above, has resulted in the production of bad quality British pictures. Under the Act, British technicians must be employed in making such pictures. This has led to a bad general opinion of the competence of British technicians, and to foreign technicians (of whom there are over one hundred employed in the British film industry) being imported to work on the more ambitious British productions.

The British technician has a pride in his work, and wishes to be employed on and help to make good pictures. We feel sure that this was the intention of the original Act, and trust that it will be possible to find ways and means to make this possible.

Adrian Brunel, one of Britain's best-known directors, deals fully with the danger of " quickies " to British technicians in the May, 1936, issue of " The Journal of the Association of Cine-Technicians ", and a copy of this article is attached as an appendix to this statement.*

3. NON-COMPLIANCE WITH THE SPIRIT OF THE ACT.

While in many cases the letter of the law is complied with, its intention is broken. For example we quote the following article which appeared in " The Era " of Wednesday, 10th July, 1935:—

> " CHARWOMEN AND QUOTA FILMS.
>
> DRAMA AND DUST.
>
> By G. A. Atkinson.
>
> " Cinema charwomen are the real—almost the only—public experts on quota films. They may be the only people in the theatre when quota films are given public exhibition by certain alien companies for the purposes of ' technical compliance '—as the process is described—with the British Act of Parliament governing the conduct of aliens in regard to quota films.
>
> " Alien companies controlling West End cinemas have to ' show ' quota films as exhibitors, as well as to ' acquire ' them as distributors. They run them over their screens in the morning dust of the theatre, before handing them over to the ' distribution ' side to inherit more dust on cellar shelves.
>
> * * *
>
> " One young British director of my acquaintance, having made an ingenious little film of which he was passably proud, saw that it would be showing at the theatre ' at ten o'clock '.

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* Not re-printed.

"Thinking it would be in the evening show at that hour, he sat through the entire programme, and having failed to notice his production in the procession, asked the manager where it was.

"'Oh, that', said the manager, 'we show that at ten in the morning!'

"My friend is now wondering if any but charwomen will ever see his film.

"This particular film received quite good notices in the trade Press, whereby hangs a tale, because alien companies are not in the habit of showing their quota films to Fleet Street critics.

* * *

"One famous lay Press critic, whose name I do not mention, because film critics, in these days, have to tread delicately, said to me: 'It is unfortunate that we are not allowed to see these quota films at their trade show, because we miss the work of the young directors who show promise, and the players who might be worth encouraging. If we want to see them we have to make very exact inquiries as to where they can be seen, and then attend theatres under difficult conditions and at extraordinary hours. Quota film production is clearly a great school of rising talent, but the lay Press has been successfully ringed-of from it.'

"It would be interesting to know how many quota film producers have received more than one advance from alien companies on account of the cost of production.

"If the film does not reach the theatres, then obviously the contract which entitles the producer to a percentage of the receipts—after the distributor has deducted expenses and cost of prints!—becomes void.

"One quota film producer showed me a list of a dozen films on which up to that time the first advance had been the last. He was not entitled to further payment until the percentage of gross bookings due to him exceeded the advance, plus distributor's expenses and cost of prints.

"Instances can be given of films costing as much as £30,000 not having received London presentation at all, and of their exhibition in America having been delayed by two years.

* * *

"Out in Hollywood there is a former director of British films who has had to organise a publicity service to explain why the films which followed him from this country to America are so much out of date.

"One alien distributor who contracts for the production of quota films on a considerable scale has never even been inside the studio in which the films are made for him.

"The duty of our Government in this matter is as plain as a searchlight.

"They should introduce into the Act clauses which will compel the alien companies to observe the law in the spirit as well as in the letter.

"They should extend the Act for another ten years and enforce a minimum expenditure of £15,000 per film, under conditions that will ensure quality and guarantee exhibition.

"Thus only can the important industry which the Act was designed to call into existence be protected".

4. SALARIES AND WORKING CONDITIONS.

The present Act tends towards low salaries and bad working conditions for those employed by the smaller companies in the production of "Quickies." Renters engaged on such films generally cause technicians to work excessive hours—15 hours a day or even longer is not unusual; a seven-day week is a common practice; meal rests are often conspicuous by their absence or remembered for their brevity; and illogical restriction of expenditure is frequent.

To meet the above criticism, and generally to strengthen, in the new Act, the original intention of the C.F.A., 1927, the Association of Cine-Technicians makes the following suggestions:—

SUGGESTED CLAUSES FOR INCLUSION IN THE AMENDED ACT.

(1) EXPENDITURE.

(a) *Cost of Film.*

There should be a minimum expenditure clause. *The Association of Cine-Technicians suggests that no picture of 6,000 feet or over should be eligible for quota unless it has cost at least £12,000. Films of less than 6,000 feet in length should cost a minimum of £2 per foot. We exclude from this suggestion the classes of short film which we suggest should be eligible for quota in Section IV of this statement.*

As there are many ways by which the cost of pictures can be adjusted—for example, by subsidiary companies and interlocking of directorates—it is essential that there be stipulations as to the maximum expenditure on certain major costs of production, such as salaries, particularly artists and highly paid persons who may have an interest in the company, overheads and company directors' remuneration, to ensure that the £12,000 is really spent on production.

It is suggested that it be stipulated that not more than 30 per cent. of the cost of a film should be spent on company directors' fees, preliminary expenses, overheads, film directors' fees, and story and scenario.

The production manager of one of the biggest British studios, who is a member of the association, has drawn up, based upon his experiences, an estimated schedule of expenditure on a picture costing about £12,000. The costs are based upon five weeks' studio work.

It is appreciated that expenses under any one head will vary somewhat according to the type of production, and minimum and maximum expenditures of all items are therefore given.

It will be noted that the figures are £4,000 under, and £4,000 over, respectively, the suggested minimum cost of £12,000, which gives ample elasticity on cost according to the type of production.

	Minimum.	Maximum.
	£	£
Studio rent and equipment ...	1,500	3,000
Electricians and electricity ...	350	500
Set and Labour, including furniture and props	1,000	2.500
Make-up artists and material ...	175	300
Original story and scenario ...	250	1.000
Preliminary expenses and overheads	250	750
Camera crew	250	400
Production Manager's Department (including buyer) ...	150	300
Art Director and Assistant ...	200	400
Director and assistants ...	1,000	1,500
Continuity and other floor staff	50	150
Sound crew	200	350
Film stock and lamp charges ...	1,000	2,000
Cost and extras	1.500	2.500
Insurance	175	350
	£8,050	£16,000

(b) *Salaries.*

While approving of a clause similar to S. 27, 3 (IV), it is felt that the large proportion of manual and semi-manual labour required on a production must have saved many a company from breaking the 75 per cent. British salaries stipulation and on occasions a "star's" salary has been suddenly increased in order to keep on the right side of the Act. Wages paid to carpenters, electricians, etc., who would be British employees anyway, should not be eligible for inclusion in such a salaries clause, *and The Association of Cine-Technicians urges that the 75 per cent. clause should relate to technicians only.*

By technicians is meant persons employed in the following departments of film production:—

(i) Camera.
(ii) Sound.
(iii) Scenario.
(iv) Editing and cutting.
(v) Art.
(vi) Floor and Production (Assistant Directors, Associate Producers, Production Manager, Script Girls, etc.).
(vii) Stills.
(viii) Musical (Musical Director).
(ix) Make-up.
(x) Sound maintenance.
(xi) Projection.

(II) QUOTA PERCENTAGES.

(a) *Renters' Quota.*

The renters' quota at present existing should be increased gradually until it has reached 25 per cent. of its imported product—say to 22½ per cent. in 1940 *and to 25 per cent. in* 1942 *and thereafter.* Twenty-five per cent. would be a reasonable maximum.

(b) *Exhibitors' Quota.*

Exhibitors' quota should be reduced to 50 *per cent. of the renters' quota suggested in* (II) *above i.e., from* 10 *per cent. to* 12½ *per cent. This recommendation is made subject to recommendations* (I) *as to maximum cost being incorporated in the new Act.* The Association of Cine-Technicians feels that these two suggestions would be a great stimulus to the production of better quality British pictures. With a reduced exhibitors' quota the renters would have to *SELL* their British pictures on a more competitive basis than at present. It is preferable to make pictures that exhibitors want to show rather than pictures they are forced to show in order to comply with the regulations. Reduced exhibitors' quota would encourage the manufacture of pictures which would have to sell on their own *merits.* On occasions producers would even find it commercially advisable to spend more than the suggested minimum of £12,000—and more time in production, in order to make a competitive British picture.

(c) *Films for Specialised Halls.*

The Association of Cine-Technicians is of the opinion that the new Act should include some clause safeguarding the showing of non-commercial foreign films. It is understood that bodies such as Film Societies have in the past broken quota regulations and it is felt that the activities of such societies should receive some form of protection. There should be, if at all possible, a method devised whereby films whose total showing during any one year only total a few days should not be classed under the same quota regulations as the ordinary commercial film.

(d) *Penalties for non-compliance with the "Quota" Provisions.*

The Association would draw attention to the statement by Mr. Runciman, President of the Board of Trade, in the House of Commons on 18th February, 1936, to the effect that the number of exhibitors who failed to meet their obligations under the Cinematograph Films Act, 1927, in the three years ended 30th September, 1934, was 448, and that proceedings were only considered necessary in 14 cases.

The number of renters who failed to meet their obligations during the three years ended 30th September, 1935, was 17, and proceedings were only considered necessary in one case.

Under the present Act, the Board of Trade licence may be withdrawn if contravention of the Act is deliberate. In the opinion of this Association the revocation should be automatic for a period of not less than one year. It is possible that certain renters might prefer, in order to avoid paying, for example, the suggested £12,000 minimum for a picture, to pay a fine under Section 24, Clause 1*b*, for default. To prevent this we suggest:—

(i) that the fine be a flat £500 and not less, and

(ii) that Section 24, Clause 2, referring to revocation of licences, should be made more stringent,

so that three successive contraventions, whether deliberate or not, should *automatically* result in the withdrawal of the Board of Trade licence for a period of at least one year, as well as the fine mentioned above.

While it is noted that it was stated by Mr. Runciman that a large proportion of the non-compliances quoted above were small, or due to special circumstances, the Association feels that renters and exhibitors should nevertheless be forced to meet their "quota" obligations.

The Association suggests that *both exhibitors and renters* who fail to meet their "quota" obligations *for whatever reason, and whatever other penalties are imposed,* should have the amount of footage by which they fail to do so in any one year added to their next year's "quota" footage. If for any reason during the next year the renter or exhibitor fails to meet his double obligation, he should incur a further fine and his licence should be revoked indefinitely.

(e) *Cutting of films after registration.*

The Association of Cine-Technicians is of the opinion that films registered by renters as of a certain length MUST be exhibited by exhibitors at their full length. Any exhibitor failing to comply with these regulations should be liable to the same penalties as apply to renters under Clause 10 of the present Act.

It is widely alleged that certain exhibitors have helped to discredit British films by the manner in which they have deleted portions of such films for exhibition after a film has been registered at a certain length. This, not being done by competent technicians in the course of production, but by the exhibitor in a haphazard manner, almost invariably destroys the dramatic continuity of the film.

(III) DOUBLE BOOKINGS.

It is felt that safeguards should be made in a new Cinematograph Films Act to remedy the existing practice of double bookings. By "double booking" is meant the practice by which an exhibitor is sometimes persuaded by the renter to book, together with the feature film which he desires to show, shorts and other films by the same company. The exhibitor, who could not afford the price of the feature film alone, can only obtain it by showing an entire programme supplied by the renting company. The percentage of the takings apportioned to the feature and the other films may be a gross exaggeration of their respective proportionate values. In other words, the "quota" picture is not sold at its true value. Blind booking was prohibited in the Act of 1927 and we suggest that double booking should now be restricted.

(IV) DOCUMENTARY FILMS.

The Act at present excludes from quota the following classes of film:—

(*a*) Films depicting wholly or mainly news and current events.

(*b*) Films depicting wholly or mainly natural scenery.

(*c*) Films being wholly or mainly commercial advertisements.

(*d*) Films used wholly or mainly by educational institutions for educational purposes.

(*e*) Films depicting wholly or mainly industrial or manufacturing processes.

(*f*) Scientific films including natural history films.

but allows renters' quota to any such films which, if registered, are deemed to have special exhibition value. It is felt that this practice hampers the production of this type of film, and we draw attention to the special case separately presented by the Associated Realist Film Producers, Ltd. This body is affiliated to the Association of Cine-Technicians and we support in its entirely its recommendations.

It will be noticed from the Board of Trade returns for the year ended 30th March, 1934, that whereas the production of long British films easily exceeded the quota regulation of 20 per cent., as stipulated in the present Act, the production of British "shorts" was only 4·2 per cent. of the number of imported "shorts." We feel that within the spirit of the present Act this also should have been 20 per cent. This deficit was only remedied by the excess production of long films. The actual figures were:—

	British. *Feet.*	*Foreign.* *Feet.*	*Percentage.*
Long	1,161,000	3,036,000	38·2
Short	32,000	760,000	4·2

We suggest that the new Act should divide quota into two classes—Long and Short Films. That is, instead of productions of all lengths being counted for quota as a whole, as it is under the present Act, renters and exhibitors should have to satisfy quota *both as to long and short films.* The definition of a short film should be "any of 3,000 feet in length, or less."

It is further suggested that short films available for quota should exclude:—

(*a*) Advertising films (for which payment is made to the exhibitor).

(*b*) Trailers.

(*c*) Newsreels.

(*d*) Any films distributed free of charge.

And should be divided into two categories:—

(A) *Studio Films*: which fulfil the conditions of quota under Section 3, Clause 27, of the present Act, which section we suggest continues to apply to such films.

(B) *Other than Studio Films.*

The association feels that documentary films should be given an opportunity to rank as quota, while still excluding, as in the present Act, trivial scenic and interest films made without a scenario and without constructive intention.

It is, therefore, suggested that films in this category should rank for quota subject to the following conditions:—

(i) They should be made to a pre-arranged scenario.

(ii) The scenario should be deposited before the film is made, and after production it should be compared with the shot-by-shot description of the film. If the two are in general agreement, then we consider that the film should be eligible for quota. If there is a great discrepancy between the two, then we suggest that the film should go before a sub-committee, as proposed in the evidence of Associated Realist Film Producers, Ltd.

(V) British Dominions.

The next Act should be confined to pictures made in the British Isles, but there should be some reciprocal arrangement, preferably a one-to-one basis, with the Dominions. At present certain pictures made in some of the Dominions may be used to comply with the Act, and yet actual pictures made are dismal failures from a quality viewpoint. For example, one company bought two silent pictures made in India which the C.E.A. report refused to "mark" as they were of no entertainment value whatsoever. A company has recently been formed in Canada in order to make 18 pictures to conform with the quota regulations. At present the Canadian industry has not been able to produce good pictures, and a statement has been made that bad as English "quickies" may be, certain Canadian ones are very much worse.

(VI) Privileged Technicians.

According to Clause 27, 3 (111), of the present Act, the scenarist appears to be in a privileged position as against other grades of workers, which include Cameramen, Sound Recordists, Art Directors, Editors and Cutters, Still Photographers, Directors, Assistant Directors, Make-up Artists, etc. While not wishing to change the position as regards the Scenarist, *the Association would like the possibility considered of putting other classes of technicians, which can and should be entirely British, in this category as well.*

We suggest that not more than one foreign technician shall be employed in the whole of the above classes of technicians on any one picture. If, for example, the production company desires to engage a foreign cameraman, the rest of the technicians employed would have to be British (in all the above departments) to enable a film to qualify for quota.

(VII) Interpretation of Act.

Recent correspondence between the Board of Trade and a major studio requesting a definition of "scenario" emphasises the necessity of a glossary defining technical terms, etc., being added to any subsequent Act. In drawing up such a glossary, the Association of Cine-Technicians, as the only body representative of film technicians, would be happy to co-operate. An indication of the type of glossary suggested is published in "Filmcraft," by Adrian Brunel (Newnes, 3s. 6d. net).

(VIII) Advisory Committee Appointed under the C.F.A.

The C.F.A., 1927, provides for a Committee to advise the Board of Trade on the administration of the provisions of the Act. The Committee is at present constituted of two representatives of film makers, two representatives of film renters, four representatives of film exhibitors, and five persons having no pecuniary interest in any part of the film industry. *Employees have no representatives on the Committee.*

As the Act, however, covers many matters which directly affect employees, and it is hoped that the next Act will include still more clauses of this nature, it appears both reasonable and advisable that the Committee, and its powers, should be extended. The film industry is responsible for the employment of a very large number of persons, and, as it is their livelihood which the Act claims to protect, *the Association of Cine-Technicians feels strongly that employees' representatives*—particularly on the production side—*appointed through their respective organisations should be on this Committee.*

Conclusion.

Because of the mis-application of the original purpose of the Act, British technicians have acquired an undeservedly bad reputation. Working on cheap quota pictures, sponsored by foreign renters, they have had little chance to develop their potential ability. British technicians, where given the opportunity, can do well. Productions made by entirely or almost entirely British labour include: "*Escape Me Never,*" "*Nell Gwyn,*" "*Turn of the Tide,*" "*A Woman Alone,*" "*Secret Agent,*" "*Thirty-Nine Steps,*" "*The Man Who Knew Too Much,*" "*Night Mail,*" "*B.B.C., The Voice of Britain,*" "*Blackmail,*" *and* "*Queen of Hearts.*"

If the Act is not renewed there might be considerable unemployment resulting not only to British technicians but to manual, semi-manual and clerical workers.

In spite of the failings, pointed out in this Statement, which can hardly be avoided in a first Act of this description, this Association feels that the "Quota Act" has to a large extent achieved its original aims. *The main purpose underlying the new Act should be to promote the production of good films and to preclude the profitable exploitation of bad films produced under the protection of an Act of Parliament.* If the abuses of this first Act are remedied, and a further Act is put in force, the Association of Cine-Technicians looks forward to the British film industry growing into one of the largest of British industries.

569. (*Chairman*): I am sorry we are not a full Committee. Sir Arnold Wilson will be here later. We have all read your memorandum, and I am not going to take you through it page by page, but I will just ask you to develop a few points. I understand Mr. Elvin will talk for the three of you. If any of you have anything to add on a particular point, please do so. Please tell me how far you are representative of the cine-technicians? You mention 1,000 membership?—(*Mr. Elvin*): We cater for everybody engaged on the production and technical side of British films, of whom at least 80 per cent. are members of our Association.

570. At the end of the paper you suggest certain classes should be left out from Form C, do you not? In paragraph (I) (*b*), is that a distinction at present, there is a list?—Oh! yes.

571. There is a list of eleven classes. That really covers all?—That covers the whole of the technical side. That includes the make-up artists who are members of another organisation and not of our Association. That is the only difference.

572. But the other ten classes are all included?—In our organisation, yes.

573. Is there any alternative organisation, or are you the sole representative organisation?—No, there is no alternative, but there is one which I believe you have seen, the documentary film directors who have their own Association which is affiliated to us, the Associated Realist Film Producers, Ltd. We are the only organisation on the technical side.

574. The Associated Realist Film Producers Ltd. have a separate branch in the Cine-Technicians?—That is right, yes.

575. I see. Well now, on the first page you deprecate the suggestion that the renters' quota should be reduced. Do you purposely pick out the renters' quota as opposed to the exhibitors' quota, because it would appear the really effective quota is the exhibitors' quota? The renters' quota is merely a compulsion to offer films, but not to get them shown? The exhibitors' quota is apparently the more effective because it compels people to show them. Do you purposely attach more importance to the renters' quota than the exhibitors' quota?—Yes, we mention one should be a percentage of the other. We suggest exhibitors' quota be a definite percentage of renters' quota, and the exhibitors then have some choice. This year they have the same percentage quota and roughly an exhibitor has little choice of what he shows. If the exhibitors' quota is half of the renters' quota he has a choice of what films he shows and what he does not, and we feel there would be an encouragement to producers to make better quality films.

576. In fact he has a bigger choice than would appear from the quota figures, because there is a growing number of films which are registered and are available for exhibitors' quota but are not shown in the renters' quota figures as ranking against any foreign film, is not that so?—That is so.

577. And so there really is a greater abundance of British films for the exhibitor to choose from than the bare quota figures suggest?—That is so.

578. But you are not satsfied there is a sufficiency and think the exhibitor is sometimes embarrassed in finding his choice at the present time?—Could Mr. Cole answer that point? (*Mr. Cole*): We agree that there is a greater choice than would appear from the actual quota figures, but from our point of view we are concerned with the quality of pictures. We would relate our answer to that question to our other suggestion which we make about the minimum expenditure clause, to the £12,000 minimum which we suggest with a view to such films as are made to comply with quota regulations being of better quality. If you have a smaller exhibitors' quota, which means they have to show less, from our point of view that would lead to the result that films would be made of better quality in order to induce exhibitors to show them from a purely commercial view point, and not merely to fulfil their quota obligations.

579. It is obvious you cannot do without a renters' quota at present. If you cut out the films produced probably rather against the wishes of the interests that order them, there would be a shortage; but if you could get a strong output of British films would it not be possible in future to work up to the condition where you could drop the renters' quota altogether and concentrate upon the exhibitors' quota?—(*Mr. Elvin*): We feel the renters' quota is more important since we are concerned more with the actual production of films. The renter takes a film from the producer, and if the films are made—and they are bound to be with the suggestion, as far as we are concerned, of a minimum cost—then a renter will not rent films which will not be exhibited. He will naturally rent films on which he will get his money back.

580. But you told us further on they do now produce films without any expectation of showing them?—Quite.

581. And it does seem this system at present works to produce a lot of bad films which would not be made except for the system?—Yes.

582. It may be you will be able to provide against that by some other method, but for the moment it does seem rather a serious problem that the Act is causing the output of some very bad films that would not otherwise be made?—Quite.

583. Anyhow, you do not think we can deal with that by working up to the abolition of the renters' quota: you feel that has always to be kept and production will not look after itself?—That is our point.

584. You mention here, near the end of your first paragraph on the growth of the industry, that a circular has been sent to the industry. I understand that there is no such circular, and if you have any first hand information as to the growth of the industry, perhaps you would like to give it to us. Do not trouble if you have not brought it?—We have not brought it. I went merely by the Press, which stated it had gone out. Apparently it was erroneous.

585. We have not that particular source of information available?—We relied upon the Press.

586. In paragraph 1 you say that it often happens that these films are produced without any expectation of showing. You quote a retort, "What does it matter—the film will never be shown." Does it in practice ever happen that these films are not shown at all?—Oh! yes. It happens in some cases that a renter particularly may not rent out the films if he has got them to comply with his quota. They may not on occasions be shown, but also it is bound up particularly with "shown" in the generally approved sense, and we mention films which in theory are shown but in practice are not. They are shown in the early hours of the morning, or late at night, when there is no public there to see them.

587. Are there any cases where a film has never been shown at all that comes into the renters' quota?—I have just been reminded of a case. There is a case mentioned in this report later on where one company acquired two silent films for quota purposes and the exhibitors' journal refused to mark them owing to their poor quality, and in practice I believe they were not shown at all.

588. That is an exceptional case. Generally they are shown?—Yes, that is an exceptional case.

589. This case which you mention in paragraph 3, showing the film to the charwomen, is a great difficulty, because it seems to comply with the Act, and suppose the film was shown in the normal hours in the ordinary programme; I suppose you cannot work out your quota within a single performance. Do you see any amendments which could cover this point and prevent them showing unpopular films for quota purposes at undesirable hours?—That is again bound up with our chief point of quality. If a film is good enough to be shown, in a lot of cases it will be shown, but in some of these cases they are poor films.

590. It probably will disappear if you can raise the quality?—Yes.

591. Then, in paragraph 3, at the end of the section dealing with charwomen, where it is a quotation, it is said that the Act should be extended under conditions that will ensure quality and guarantee exhibition. Of course, you did not write this?—No.

592. But can you give us any idea what guarantee of exhibition was in the writer's mind?—Quality is the main guarantee.

593. Really, guaranteeing exhibition means nothing. The important thing is to ensure quality? Yes.

594. Well, then let us come to paragraph (1) (*a*). You make a proposal that films should have a total cost of £12,000 per six thousand feet to make them eligible for quota. Do you prefer this total basis to the Form C basis with which you are no doubt familiar—Form C excludes certain costs from the calculations?—I see.

595. It would be quite easy to adjust your proposals to that other basis which leaves out certain expenditure which may be a little misleading in this connection?—We find it is very difficult, particularly in the film industry where jobs do not necessarily have the names under which they go, to simplify it or get it in such a space that you could definitely say that you could exclude or would include certain types of work, and we think this is the best way of doing it.

596. You deliberately prefer the total cost of the Form C cost basis?—Yes, definitely. Could Mr. Dickinson amplify that? (*Mr. Dickinson*): It seems if a renter had to deal only in films that cost £12,000 each for his quota requirements the amount of money he would have to spend would be so great that he would not be able to market pictures which had no hope of being shown. He would have to get good pictures which would rely upon their entertainment value to have any hope at all. Pictures would be so good they could mingle with the American renters' own product in direct competition —which seems unfair to American renters, but the quota Act was a tax on imported foreign films, and the idea was that the money should be used to build up an English film industry.

597. I am not in doubt as to your purpose. I am only wondering whether the more convenient measure would be the Form C basis which I understand works out the classes of expenditure which come in on the Form to about half the total cost. It would be quite easy to adjust your figures to a lower figure on Form C, and you would get exactly the same result if you fixed the figure of the Form C total at the proper proportion of the total cost. It might be you would exclude certain classes of cost by the Form C basis which are a little misleading and apt to be extravagant. It would strike out artificial extravagance, perhaps?—We would prefer total costs.

598. You would prefer total costs to Form C when modified to be adjusted to your purposes. If you had Form C you achieve that object which you mention in the next paragraph to some extent, and in that way you would exclude the company director's fees, preliminary expenses, overheads, and story cost. The other things do not come in, so instead of limiting them to 30 per cent. you would have them excluded altogether and get an adjusted figure perhaps on Form C; but anyhow, you prefer the total figure?—(*Mr. Elvin*): Yes.

599. Then, in paragraph (I) (*b*), the salaries. Instead of cutting out the manual and semi-manual labour, would it not be perhaps more convenient to deal with this matter by raising the percentage and keeping them in? I do not know what they come to?—Yes, if the percentage was raised high enough. Our point is the manual and semi-manual always is British labour, and in our opinion 75 per cent. is the right percentage excluding those two types of work.

600. If we kept manual and semi-manual in on this present system how much ought the percentage to be increased to cover them?—(*Mr. Cole*): I think another reason why we excluded manual labour and electricians, and so on, is that very often, especially in the production of "quickie" films a large amount of overtime is worked, and that does not result in technicians getting more money. Technicians do not get any more money whether they work 12 or 24 hours a day. The electrician and manual labourer do, so it is much more difficult to say what proportion of the salary costs on a "quickie" film will be drawn by manual labourers than it is to say what amount will be drawn by technicians, and that is a strong reason for excluding manual labourers.

601. Then, in paragraph (II) (*c*), films for specialised halls. You would like the Act replacing the present Act to deal with the safeguarding of non-commercial foreign films. Is not there some difficulty about a hard and fast legislative provision for this? Is there not always the danger that you will let into your exemption cases which do not deserve it, where people are using the films as part of a very big volume of exhibition and where they quite well could cover it by the quota. If there is that danger do you see any objection to leaving this provision for non-commercial foreign films to the discretion of the Board of Trade anyway?—Oh, yes, we put that in because we wanted some remedy to the present position, but if there was a provision in the Act . . .

602. You will be prepared to leave it to the Board of Trade?—(*Mr. Cole*): Film Societies know at the moment that they have to, and they do, very often break the letter of the law in pursuing the showing of specialised films. They should not have to feel that, but they should feel they could do something at the discretion of the Board of Trade. That would be all right. We agree it is bad to legislate for exceptional cases and much better to legislate for the general ones and have a discretion for the exceptional ones.

603. In paragraph (II) (*d*) you draw attention to the necessity for increasing the penalties for breach of quota requirements in view of the bigger financial incentive to break these regulations. But I take it that there will still be cases where breaches are beyond the control of the people concerned. Would you keep the discretion to the Board of Trade to give relief where special circumstances are shown?—(*Mr. Elvin*): Yes, but then we do urge, nevertheless, our paragraph with reference to the footage by which a renter fails should be added to his next year's quota whether the offence is inadvertent or deliberate. I think that is probably a justifiable clause that the footage must be added on to next year; but we realise there are cases where the Board of Trade must use discretion.

604. It is clear the penalties would have to be reviewed before being re-enacted. Now, as to double bookings, a great deal of trouble is really due to block booking, that the exhibitors are forced to take a bad film as part of the price of taking a good one. Do you think it would be desirable to make block booking an offence just as blind booking has been made an offence?—I think it would, but, of course, it may raise certain difficulties. I think at any rate it would be a move in the right direction. It would certainly remedy the present position.

605. Could you not deal with it by means of declaration?—Put it as an obligation on those concerned that they have to make a declaration that there is no block booking taking place?—I do not know if it is possible. There has to be a certain amount of block booking, I imagine.

606. You think there must be?—There must be owing to the limited number of renters.

607. Yes, block booking in the form of the exhibitor saying he wants two films from the renters may be quite unobjectionable. But it is a very different matter when a renter forces a bad film—block booking by the renter is a very different matter, and free negotiation for two or three films at the same time on the part of the exhibitor would not be prevented. You think it would be difficult to get any provision which would not be oppressive?—If it is possible to put a provision to prevent undue force by the renter on the exhibitor it would be admirable, I think, if it is possible. That is the only point we are uncertain about.

608. In paragraph (vi) you wish to extend the requirement of British nationality beyond the scenario writers to cover certain technicians. Are you satisfied that there is an adequate number of technicians for this purpose?—Oh, yes, there are 120 British technicians out of employment to-day, and a lot of those are first-class men who have been responsible for making first-class films. There are in this country about the same number of foreign technicians, some of whom are ace men and indispensible, but as regards a lot of whom their work could be done by British technicians and at no time in our knowledge has there ever been a shortage of British technicians. To-day there are 120 of all types of technicians (camera men, sound recorders, cutters, and so on) out of employment.

609. Is this a new development owing to growth of the industry, or has it been the case for some time?—It is apparently since the growth of the British industry has attracted foreign people into it. The healthy state, in certain ways, of the British film industry is a magnet to foreign technicians to come here.

610. Then in paragraph (viii) you recommend that there should be representation of employees on the Advisory Committee. You are probably aware the main object of that Committee is to advise the Board of Trade as to whether quota defaults are within the control of the people concerned. Could you develop a little why you consider employees' representatives should be specially qualified to carry out that duty, which does not seem to be very much related to their experience as technicians?—No, quite. We assumed the Advisory Committee was to advise upon the Act generally, and not merely upon the actual question of quota as such and in accordance with our evidence here and the present provisions of the Act, there are a lot of matters which do naturally concern, and directly concern the workers of the industry. We understood the Advisory Committee was to advise on the Act in general and not on one or two particular points.

611. I understand that they have primarily that rather definitely limited function. But Miss Plumer is a member of the Committee and she may develop that point further. I think that is all I have to ask.

612. (*The Hon. Eleanor Plumer*): I have only one or two points. In paragraph 2 you speak of your desire for British technicians to be employed on making good pictures, and you say you hope it is possible to find ways and means to make this possible. I suppose the ways and means you have in mind are the suggestions you make further on? Do you consider those to be adequate to bring about this desired result, or are you leaving it to somebody else?—It is bound up with our suggestions here. For instance the one about the greater percentage of British technicians employed, only one foreign technician on a picture, the salary clauses, and so on. All those things should, we hope, make it possible for British technicians to be employed in greater numbers.

613. You consider the suggestions you made would bring about that result?—Quite.

614. And you think the minimum cost you would impose would ensure quality?—Nothing ensures quality, but it makes it much more likely. Our point is you cannot make, except in very exceptional cases, a good picture for less than the suggested minimum.

615. You could quite easily make a bad picture for more than that money?—You could make a bad picture for £100,000. (*Mr. Cole*): If I might develop that point further, while even £60,000 will not necessarily ensure a picture that is good from an entertainment point of view, it will do so from a technical point of view. That is to say, if a picture has cost £60,000 it may be a picture that audiences will not like, but it will be a picture, generally speaking, upon which the camera man, sound recorders, editors, and so on, have been able to do their particular job of work with time and opportunity to devote the best of their skill to it.

616. But if they have not produced the result, which presumably is to provide an entertaining picture, it may not be money very well spent?—It is always worth while to have done a technical job well, because the next picture you work on you may have a better story and a better director.

617. In paragraph 4, under salaries and working conditions, would you be in a position, if you were asked to furnish specific instances in those cases that you quote?—(*Mr. Elvin*): You mean?

618. With reference to excessive hours, and so on?—Yes—definitely.

619. If asked you could furnish specific instances?—We could give details of hours, and so on, worked in different studios.

620. You say "salaries and working conditions," but you deal with excessive hours mainly and then speak of illogical restriction of expenditure. I quite see that may be so, but it does not seem to quite fit in with the rest of that paragraph?—It is the restriction on the labour employed in the film rather than upon the making of it. If they can get a bad camera man for £15 and a good one for £20 they will tend to employ the not so good at £15. On these pictures we know it is very hard to get the customary salary, and it is mainly on those points and the question of meals and meal allowances that the restriction is prevalent. (*Mr. Dickinson*): May I say something about that? I am a camera man, and I have worked on some of these very cheap pictures made only for quota purposes. We have been going to make a scene which would look good photographically, and I have been told we cannot do it because we have not the time—their time meaning money—because they must be finished on Saturday. That is the trouble we are up against.

621. Then in paragraph (II) (*d*) you suggest rather rigorous penalties for renters and exhibitors who fail to meet their quota obligations; do you think you are quite taking into account the difficulties, which exhibitors state they find in fulfilling their quota obligation, particularly now it is 20 per cent.?—(*Mr. Elvin*): Yes, but we suggested the exhibitors' quota be 50 per cent. of the present renters' quota, which would make it easily possible for any exhibitor to comply with his quota obligations.

622. Then again, under paragraph (II) (*e*) you say it is widely alleged that certain exhibitors have helped to discredit British films by the manner in which they have deleted portions of such films for exhibition after a film has been registered at a certain length. Again, in this case, could you furnish specific instances?—Yes, I have notes here. For instance, there was one programme with a foreign feature and a British supporting film. Two entire sequences of the British film were deleted and the film was cut down by eight minutes, and one complete character who had a credit on the screen was

cut out of the picture. That actress is now in Hollywood, which suggests that she was not cut out of the picture because she was a bad actress. On that occasion there was a short which lasted ten minutes, and they cut the British film by eight minutes when they could have cut out the short of ten minutes instead. There is another case where the whole of the first reel, including the credit titles, was cut out and the film started on reel 2.

623. I think it is a pity to suggest you have not proofs, when you have?—Perhaps we were too cautious.

624. About double booking, is not double booking blind booking? What is the difference between double and blind booking?—I will ask one of my colleagues to enlarge. (*Mr Dickinson*): Blind booking is the booking of a picture or pictures by an exhibitor before he or anyone has seen them. It was the practice for exhibitors before the Act to book even a year before. A renter may have a picture with a very famous star, and every exhibitor is more or less compelled to show this particular picture because his customers require it. The renter is also compelled to have some British pictures, and because of the expense of the particular star they want as much for themselves as they can, and they say, "You can have this special picture for 40 per cent. of the gross," and the exhibitor will say, "I cannot afford that. I have to get the rest of the programme." They say, "We will give you a British picture, and you can have them both for 40 per cent." In their accountancy, and so on, they have to put something for the British picture, so they put 2 per cent. or 3 per cent., or something like that, whereas if the pictures were dealt with separately the British picture would probably take at least 10 per cent. of the gross, but the renters get for themselves more for the special star film than they would otherwise.

625. I should have thought that was illegal?—No, the exhibitors can see it if they want to, and can say, "Yes, I will have the special star film and the quota picture for 40 per cent. the two." This English picture may be terrible or quite good, but he will book it for any percentage for both of them.

626. I think that is all.

627. (*Mr. Cameron*): May I start on the last point because I am not quite clear? If a renter charges an inclusive 40 per cent. for a whole programme, a feature picture and a second feature, that is a form of block booking, is it not?—But, Sir, he does not insist. It is not the renter who says the exhibitor must have the picture, but it is the exhibitor who says he cannot afford the amount of money asked for the big foreign special star picture. So the renter very kindly says, "You can have an English picture with it for nothing," which puts down the income of the manufacturer of the English picture to such an extent that he cannot make a profit on it at all, since he is relying on the honesty of the renter.

628. You suggest that should be made illegal?—Oh! please, that is a very hard thing.

629. You suggest that should be made illegal?—How, we do not know.

630. (*Chairman*): If you could deal with block booking you could cover this. Everybody agrees it is an evil and forces either the bad film or films on unfair terms to the producer upon the exhibitor. I think it is the same case we have had brought to our notice before, but from a rather different angle?—That is a particular weapon in the hands of foreign renters who wish to discredit British pictures, because, after the small returns previously mentioned, the English producers try to make the cost even less. They know the first picture cost £3,000, and they think, "If we make the next for £2,500, we might get a profit."

631. If you could make it illegal to be given an unfashionable picture as part of the bargain you would deal with that trouble.

632. (*The Hon. Eleanor Plumer*): If you had your minimum cost they would not be so willing?—They dare not. Some foreign renters would have to pay a little over a quarter of a million and would have to make a profit, which is good for us because they would have to make a picture the exhibitor would want. (*Mr. Cole*): Everything hinges on our minimum cost.

633. (*Chairman*): This question of percentage does not hit the technicians so much as the producer?—(*Mr. Dickinson*): Except the technician is forced to do his work even more quickly and cheaply because the producer's income from that picture is so little. He has to do a job in ten minutes instead of ten hours because the producer knows his eventual income would be only £3,000.

634. (*Mr. Cameron*): You say the interest of technicians urges that the 75 per cent. clause should relate to technicians only?—(*Mr. Elvin*): Yes, technicians, as defined in our evidence. At present the clause includes labour generally, and all the manual and semi-manual labour is and must be British.

635. What about the artistes, the players?—We suggest there should be some, if you like, other provision, as regards that. We are not directly concerned with artistes. That is not our pigeon.

636. From our point of view at any rate the ordinary actors—not the star—came into the same category?—Yes.

637. You do not object to that?—No. Except there is the one point that actors and actresses are paid much more money—especially the stars—than technicians, and it might rather over-weight them if they all come in the percentage. It probably would be preferable to have two percentages, otherwise one star equals in financial remuneration several technicians.

638. In paragraph (II) (*c*), films for specialised halls, you mention foreign cultural films. Actually some of those films are shown in the public cinema?—But it is a specialised hall for that afternoon. We mean specialised films, and if you like, specialised audiences.

639. I do not think there is anything more. I have various points, but I do not think they specifically concern technicians, and the other questions have been asked.

640. (*Chairman*): Your membership has no British qualifications?—No. Every technician working in the British film industry is eligible to apply for membership.

641. I am sorry Sir Arnold Wilson has not been able to get back from the House of Commons. We are very grateful for the help you have given us.—Thank you for receiving us.

(*The Witnesses withdrew.*)

FOURTH DAY

Tuesday, 26th May, 1936

PRESENT:

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
Mr. J. S. HOLMES, M.P.
The Hon. ELEANOR M. PLUMER.

Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. T. H. FLIGELSTONE (*President*) and Mr. W. R. FULLER (*General Secretary*), representing the Cinematograph Exhibitors' Association of Great Britain and Ireland, called and examined.

The Committee had before them the following memorandum of the Cinematograph Exhibitors' Association of Great Britain and Ireland:—

THE MEMBERSHIP OF THE C.E.A.

1. The Cinematograph Exhibitors' Association of Great Britain and Ireland has in membership at the present time 4,017 cinemas. A larger number of places of entertainment find it necessary to apply to the Board of Trade for a licence under the Cinematograph Films Act, 1927, hence their figures as to the number of cinemas will be larger than our membership. It may, however, be taken for granted that our figures represent for all practical purposes 100 per cent. of the cinemas open regularly six or seven days a week.

THE EFFECTS OF THE CINEMATOGRAPH FILMS ACT, 1927.

2. We are happy to inform you that there is general agreement amongst our members upon the evidence which we now submit. We have also followed the course, which we have adopted on all previous occasions with H.M. Ministers and with the Board of Trade, of stating exactly what we feel we require, rather than to present a case on the basis that a compromise is inevitable and that a margin of over-statement is necessary.

3. We anticipate that the Board of Trade will furnish the Committee with a full and comprehensive historical survey of the Cinematograph Films Act (which we shall refer to in future as the Films Act). Therefore, our historical references can be brief, and directed to the points which we need to emphasise.

4. Before the Films Act came into operation it was calculated that British films were only enjoying 3 per cent. of the playing time at the cinemas in this country. The last return of the Board of Trade indicates that the Act has succeeded in its object of "securing the renting and exhibition of a certain proportion of British films" since exhibitors' returns testify that 26·09 per cent. of British films were shown during the 12 months ended 30th September, 1934.* To the credit of the Films Act may be placed the establishment of a considerable British production industry from which has emerged films that are comparable with the best produced anywhere in the world. By way of contrast, it is also responsible for some of the worst films. The "quota quickie" produced in this country is probably worse than the worst foreign film, and its only competitors have been some Dominion productions, which happen to qualify for registration as British films.

5. Nothing affects the prestige of British films so much as the exhibition of poor British films, and it is in the public interest that production of this type of film should be eliminated.

6. The measure of protection afforded by the Films Act attracted considerable finance to the cinematograph industry. Some went to mushroom companies and was quickly lost. Vast sums, however, were invested in the larger concerns, and to-day we not only have very fine studios, but also large circuits of cinemas. We want to emphasise the growth of circuits, which was more or less coincident with the passing of the Films Act. We shall refer to the circuits later in our evidence, but not in the ill-informed manner of some who attribute a number of undefined deficiencies in an unexplained way to what is called a tied house system. Our emphasis will be upon the booking power which a circuit possesses, and its consequent ability to secure the best films against individual and independent exhibitors. It was apparent at the end of last year that nine circuits between them controlled 652 first run cinemas, which represented about half the first run situations, and these in turn dominated the booking situation.

7. Exhibitors have more than fulfilled their statutory obligation to show specified percentages of registered British footage, and their loyal support of the Films Act has been publicly acknowledged by respective Presidents of the Board of Trade, and testimony has also been paid to the very cordial relations which have always existed between the Board of Trade and the Cinematograph Exhibitors' Association. In our turn we should like to express our appreciation of the smooth and considerate administration which has been an outstanding feature of the work of the Department.

THE QUOTA UPON EXHIBITORS.

8. We regret to have to introduce a plaintive note amid such cordiality, and we therefore will proceed at once to the section of the Films Act which occasions us the greatest concern, which is the exhibitors' quota.

9. The ramifications of our industry, especially among apparatus for the equipment of our cinemas, bring us into contact with various forms of protective legislation. Some of our apparatus is subject to an import duty, and in such cases in the event of dissatisfaction as to quality, we can always pay a little more and secure the right article. This safeguard renders such recourse as a rule unnecessary. Some Key Industry Duty legislation is protective, but in this respect we were consulted and had every opportunity of protecting ourselves in regard to quality and price. Quota legislation, as exemplified by the Films Act, has an entirely different mode of operation, and when designed to secure production and exhibition, exhibitors would be liable to detrimental exploitation by producers unless a surplus of suitable product, fit for exhibition to the public, is secured from which a selection can be made.

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* No figures for 1935 are yet published but it is understood that they are substantially the same as for 1934.

10. For exhibitors the margin of selection becomes all-important. Until 1933 there was little difficulty in complying with quota, but during the last two years complaints have continued to increase, and to-day the observance of a 20 per cent. quota is proving a very severe test. There are several causes:—

(1) The foreign (American) renters until about the end of 1931 or 1932 appeared to be making a grudging endeavour to produce or to acquire British films suitable for public exhibition. In this process they averred the loss of money. On account of the financial depression in their own country they seemed to come to a settled policy of acquiring generally "quota quickies" which, being unsuitable for exhibition to the public, reduced the margin of selection to exhibitors.

(2) In the last three years production of usable British films has not made any material increase. The figures of registration of long films in the last three years are as follows:—

1934	195
1935	190
1936	215

(3) Public opinion in certain areas, particularly in parts of Scotland and parts of London, has become definitely resentful of the increasing number of British films which must be compulsorily screened.

(4) British shorts are not produced in sufficient numbers. Exhibitors, therefore, find their troubles increased by the necessity of acquiring "long" British films which, in effect, increases a 20 per cent. quota to about 24 per cent.

(5) The best and most consistent producers or distributors of British films are allied with circuits.

11. We have made an analysis of British films trade-shown in the calendar year (not the film year) of 1935. During that year, according to our records, 178 films were trade-shown. This number, according to our viewers, may be classified as follows:—

Good First Features	73
Varying Second Features	41
Inferior	31
Definitely unshowable	33
	178

12. We are aware that the Board of Trade shows registrations of 198 films for this period. We can only assume that the extra twenty were of such poor quality that trade shows may have passed unobserved by us, as no complaints of omission were received from our members.

The American distributing houses were responsible for a majority of the films in the last two categories.

13. The figure of 178 is a misleading total. But for the compulsory provisions of the quota 64 films of this total would never be booked by exhibitors in a market where exhibitors were free to book their choice. For practical purposes we may say that the output of British films for booking in 1935 was 114.

14. We now come to the all-important matter for exhibitors, which saves them from exploitation, which is the margin of selection.

15. The original quota scale was drawn up on the basis that it would provide two films from which an exhibitor could select one. His choice was always one out of two. It was estimated that by the present time British production would have expanded to such an extent that differentiation between renters' and exhibitors' quota would not be necessary. Unfortunately the "quickie" was not envisaged.

16. Exhibitors normally book a number of feature films each year varying according to the character of the cinema from 104 to 208. For purposes of average we may take a figure ranging from 120 to 160 films. On a rule of thumb basis, which is sufficiently accurate for purposes of generalisation, it will be seen that the normal better class hall requires about 24 British films a year to satisfy its quota while the normal industrial cinema will require 32 to 40 British films a year.

17. When the Films Act came into operation there were usually three cinemas competing in any given town or district. To-day in the populous areas there are as many as five or six cinemas competing for patronage.

18. Very few British films (or, for that matter, American) are of such outstanding calibre that more than one run is possible in any town or district.

19. It will be seen that in the principal areas on the 1935 showings exhibitors have no margin of choice. The 114 British films, varying from good first to second features, tabulated on page 7, are booked without any choice.

20. The position for the independent exhibitors is made much worse when the best films are taken by the circuits, which, in addition by virtue of their booking powers, are able to book some of the better British films marketed by other producers.

21. For the independents in such situations there remains the constant nightmare of sorting through inferior and bad films in an endeavour to find something that will not repel any more of their patrons than can be avoided.

22. Through a sense of loyalty to the Films Act, many exhibitors are weary of the constant loss of money which they suffer through constantly having to show British films to which the public does not respond, when there is available a considerable margin of selection in foreign (American) films to which the public would respond.

23. *We have therefore come to the definite conclusion that the original intentions of the Films Act, that there should be a margin of two films from which to select one, should be the standard for future legislation.*

We accordingly ask that the quota upon exhibitors should be reduced at the earliest possible moment to 10 per cent.

24. We would emphasise our unwillingness to continue to suffer heavy financial sacrifice by continuing to show British pictures unacceptable to our patrons and to rely upon the sympathetic administration of the Board of Trade in the event of default. It is not fair to the Board of Trade to place upon it the responsibility of endeavouring to smooth away the difficulties arising from an excessive quota upon exhibitors. Nor is it fair that we should be compelled to be ever searching through an inadequate number of films in an endeavour to satisfy the onus placed upon us to show in the event of default that the films were commercially impracticable.

An increased Quota a Fantastic Idea.

25. Concerning other suggestions which we have heard of a quota rising to 35 per cent., we regard such proposals as fantastic and unnecessary. Any legislation for an increase of quota would, we venture to predict, result in an orgy of prospectuses with much resulting loss to the investing public. British films, when good, have sufficiently established themselves that an increase in quota is unnecessary for their development. They can now increase in numbers on their quality without any further artificial stimulus. As our request is for a substantial reduction of quota it follows that we shall resist to the fullest extent any proposals to increase the quota upon exhibitors.

26. In regard to the quota upon renters, we ask that it should be fixed at such a percentage as will produce a margin of selection of two films for every one which we have compulsorily to book. We ask for the opportunity of submitting our views as to the figure of exhibitors' quota if the Committee reaches any decision as to the scale of the renters' quota.

27. We shall oppose any suggestions which diminish the footage obligations imposed upon renters unless after consideration it appears that such scheme(s) is desirable and ensures a corresponding reduction in the footage imposed upon exhibitors and also secures a margin of choice to which we have referred.

COST QUALIFICATION.

28. We are not in favour of the suggested solution of cost as a basis of qualification as we are not convinced that it will be the means of increasing production. On the contrary, we anticipate that its introduction would be followed by a considerable decrease. The figure which has been mooted, namely, £2 per foot, is of little value. A good film generally costs in the making to-day from £25,000 to £30,000 at least. If either of these figures be instituted the effect would not be to produce more British pictures, but would shut out from this market a considerable number of foreign films—which it would no longer pay to import on account of the attendant expenses of acquiring British quota. Any larger sum, if imposed, would simply lead to evasions, possibly by the manufacture by foreign distributors of British " quickies " in the Dominions. General increase in production costs will also drive out of business most of the smaller producers whom we should prefer to remain.

QUALITY CLAUSE.

29. When the Films Act was under consideration we suggested that a Committee should be set up which could review the registration of British films on the ground that they were lacking in entertainment value. In other words, such a Committee would be empowered to disallow the type of British film which we know as a " quota quickie." We were told at the time that such a Committee would not be accepted by the Board of Trade as the President at the time did not approve it. He never advanced any reasons, and we bowed to his decision. We find that such a provision has since been introduced in the quota legislation of the New South Wales Parliament Act, No. 41, 1935. It is as follows:

> " 3.—(1) This Act shall apply to all films except films of the following classes, namely:—
>
> (*g*) Australian films, in respect of which the Minister upon the recommendation of the Films Advisory Committee constituted under this Act has directed that this Act shall not apply on the ground that their artistic or photographic merit, or their appeal to the interest of the public generally, or their general quality is not sufficient to warrant their being taken into account for the purposes of computing the distributors' quota or the exhibitors' quota in accordance with this Act."

The constitution of the New South Wales Advisory Committee is set forth in Clause 11, but we submit that a different constitution would be necessary in this country. We have in mind a constitution somewhat similar to the present Advisory Committee to the Board of Trade in which the proportions of the various trade interests are preserved, but perhaps smaller in numbers to enable it to be called together as frequently as required.

K.R.S. BOOKING POLICY.

30. Our references to the purchasing and booking power of the circuits may perhaps prompt the question why the independent exhibitors, who are numerically so much stronger, do not combine and pool their bookings and so protect themselves. The renters maintain an absolute solidarity in refusing to let any exhibitor already booking for a cinema book for any other cinemas unless he owns 51 per cent. in the second or subsequent cinemas for which he proposes to book. This is known as the K.R.S. booking policy, and as it is subscribed to loyally by the members of that Society, which comprises all the principal renters, British and foreign, no question of nationality arises. Exhibitors strongly protest but are helpless. In its application to British films the circuits through their alliances with the producers are always at an advantage and the independents are at a perpetual disadvantage.

31. The object of the policy has been to keep exhibitors in competition with one another, and for the purpose of increasing and maintaining high film rentals. In the earlier years of the Films Act we should have hesitated to have brought forward this point as we might have been met with the contention that it was not the object of an Act of Parliament to seek to endow one section of the trade with the means of securing the goods of another section at a lower price. To-day any such contention can no longer be advanced because circuits have increased, the number of cinemas have increased—as well as an enormous growth in their seating capacity—so that prices look after themselves. The effect of the K.R.S. booking policy to-day is simply to advantage the circuits in acquiring the best films—and, incidentally, the best British films—leaving the independent exhibitors to take what is left. We submit very strongly that this Committee should lay down as a condition of recommending the granting of continuing protection to the British producers that all exhibitors, whether circuits or independents, should be placed in an equally favoured position to bid for the British films suitable for exhibition to the public. The amendment would not present any serious difficulty merely requiring definition of " renting " in relation to films to rent or issue British and/or foreign films to exhibitors or their accredited agents.

If academic protests are made concerning interference with the right to conduct business as one pleases, Part I of the Films Act affords a sufficient answer.

THE BACK DOOR OF THE DOMINIONS.

32. We would draw attention to the fact that the worst " quota quickies " come from the Dominions. We would refer to recent registrations of three Indian silent films, one Australian and a Canadian, which were without any value whatever and cannot be shown to the public. The quality clause, which we suggest is the simplest method of elimination of this class of film. We have doubts as to the manner in which a cost clause would operate in practice as an effective safeguard. We do not know what means there would be of checking expenditure incurred in the Dominions. This back door must be closed. As it is ever open as a means of evasion we draw attention to it as a major point requiring remedy, otherwise the Films Act can always be defeated.

BRITISH SHORTS.

33. Briefly we may say that British shorts are not forthcoming in sufficient numbers because there is " no money in them." Instead of trying to prop up something which is not economic, we recommend that they be excepted from the operation of the Films Act. In practice as " long " quota has to be obtained when British shorts are not available their absence increases the burden of exhibitors' quota. If, however, the preference is to prop up something uneconomic we are prepared to urge admission of certain classes of short British films for registration as exhibitors' quota.

Inelasticity of present Act.

34. We believe that the Cinematograph Films Act is unique in protective legislation in imposing a rigid and ascending scale. It is true that the scale was based upon expectations which seemed reasonable at the time, but which have not been borne out in practice. We submit that in future legislative power should be given to the Board of Trade to vary the quota percentage after due enquiry of the interests affected. If this provision of elasticity is introduced the period of any future legislation is not of very great importance. If a rigid scale is to be introduced in future we submit that regard should be paid to the ever-changing characteristics of this industry and its period should not exceed five years.

Section 2.

35. We are aware that a certain amount of evasion ensues but we are satisfied that for all practical purposes this section is of the greatest advantage to the cinematograph trade. We have heard a suggestion that declarations may be asked from renters, to which course we should not object, but we shall be quite satisfied if the clause is left as it is.

Elimination of Silent Films.

36. Exhibition of silent films has ceased in all commercial cinemas and to prevent silent films being produced for evasion purposes there should be a definition that "sound" British film only shall rank against "sound" foreign film.

Trade Shows.

37. Pre-release exhibitions are held complying with Section 32 (*b*) to which exhibitors are only admitted upon payment for admission. In many cases the opening night is made a special premiere, and it is either not possible to buy tickets or else at exorbitant prices.

It is suggested that such shows should be confined to London and that the renters should be required to invite exhibitors to attend in the same manner as to a trade show.

Exhibitors' Licences. (Clause 32—Definition of "Theatre".)

38. The Films Act should be extended to include any generally competitive entertainments of non-flam films within its scope for purposes of registration. Persons exhibiting "non-flam" registered films should also be liable to quota provisions and be registered in respect of their cinemas. It would be unfair that competitive entertainment should be free of the patriotic obligations that attach to the showing of British quota.

Television.

39. In view of the fact that television from film is anticipated from a central broadcasting centre doubtless the televising of a film for purposes of public exhibition will be included in any amending legislation.

Section 27 (3).

40. In general we would remark that very little advantage arises by the continued retention of (3) (iii) or 3 (iv) in its application to films made in a British studio in this country.

If it is practicable to limit the studio scenes in (3) (ii) to a studio in Great Britain and Northern Ireland we should support such limitation as an effective means of avoiding the production of inferior quota in the Dominions for purposes of qualifications in this country in due course.

642. (*Chairman*): I will not take you right through the memorandum of evidence because we have all read it carefully. Might I ask you to look at paragraph 10 where you analyse the causes of the difficulties of exhibitors in complying with the quota requirements. You put the production of "quickies" very high among those difficulties. We have had some figures given us which I understand are available to anyone who cares to compile them from official resources. The figures are in the memorandum of the Board of Trade in Table L. You have not got this?— (*Mr. Fligelstone*): We will accept them, my Lord.

643. Those figures show that the British renters produced 65 per cent. of films in the year 1935 which were marked eight or over, whereas United States-controlled renters in the same period produced only 16 per cent. of that quality, so that it would appear, as you say here, that the production of "quickies" is the policy of the United States-controlled renters. You say that the production of usable British films has not made any material increase. Well I have not been able to check that. But is not that largely due to the output of these United States organisations?—Well, my Lord, I think we could quite easily give you the position as we see it in answer to that question which is this: that as an industry the exhibiting section of this industry has very little if anything to complain of the films produced by the British renting companies. Our complaint is of films produced to comply with quota by the foreign renting companies, so we agree with what you have just said. The British films produced to-day by the British companies are standing on their own feet. Our difficulty is with films made by foreign renters simply to comply with quota requirements.

644. You say public opinion in certain areas is resentful of the increasing number of British films. Is that because they are bad?—No, it is one of these things that I cannot explain to you in this regard. Some people like spinach, and others do not. Some districts like British films, and others do not.

645. It is not a matter of "quickies"?—No. British films in certain districts, however good they are, are not acceptable. That is the whole point.

646. Then you say there are not enough British shorts. Is the popularity of the two feature programme having much effect in decreasing the demand for shorts?—No, I do not think that is the position, because, in my own case I should say that perhaps out of 52 weeks in the year, although I use two long films per programme, I still have to fill up my programmes during, say, 40 weeks with a certain number of shorts. The position is that British shorts are not being made.

647. Are there foreign shorts which could be available if——?—I do not think that is the point, my Lord, because the foreign shorts are available in great numbers and are of excellent quality.

648. Excellent quality?—Yes, comparable to the best long films made.

649. Is there any reason why good quality shorts should not be made in this country? Is there any particular handicap?—No, except that they are not commercial. We do not pay a great deal of money for shorts. That applies to foreign and British.

650. How is it that they are made in the United States?—Because in the United States they have a very different policy from our policy. In the United States in a great number of cases they run one long film only, variety, and short. Well, now, that is not the usual custom in this country. There are districts where they do run one film only and fill up with shorts, but the majority of places we run on two long films and shorts. Then you do not use the same number of shorts as you would if you had just one long film and shorts. Variety in this country is not in very great use in ordinary circumstances.

651. Let us go to paragraphs 15 and 19. You tell us that the choice used to be one out of two, and you had to take one film out of two as exhibitors. I am not quite clear about how it works out, because you say 114 films a year are shown,

good first and varying second feature. That is films above the inferior class?—114 that are usable.

652. You say the industrial cinema needs a maximum of 40, and taking the average it would seem they have a choice of one in three?—No, because there are three, four, five and six cinemas in each district competing for the films.

653. It really is chiefly a problem in these populous districts where people can reach several cinemas. Is there a big over-production of cinema houses at present, too many cinemas?—Far too many, my Lord.

654. You are anxiously considering the matter?—There are far too many, my Lord, and so long as the public are foolish enough to supply the wherewithal for these speculators the building will go on.

655. On the average there is a choice of one in three?—No, my Lord. I must make this point very clear. You see in those districts where there is the choice of one in three, that is in districts where there is only one cinema, you find that the cinemas are using a far greater proportion of British films than they do in the populous districts. In the populous districts where you have five cinemas—take Walthamstow, for example, where we have five cinemas. We do not run the same film. Each of those five cinemas runs five different programmes, and so the 114 per annum is divided between the five cinemas.

656. I see. If all bad quality films were good would not that meet the difficulty?—It would help considerably, my Lord, especially if the quota is reduced, as we suggest, to 10 per cent.

657. That is a useful road to explore, whether something effective could be done. It is rather difficult to fix a figure in the abstract. The question is whether we can improve the supply, in which case the figure might be adjusted accordingly?—But we must not lose sight of one great point, and that is the one you raised a moment ago. There are districts in this country which are resentful of British films, and it is a very great burden—despite whatever choice there might be in British films—upon the exhibitor in those districts that he should have to show, for 20 per cent. of his year's programme, product that his public do not like. We are all prepared to be patriotic, but you must not drive us too hard.

658. Is it due to block booking? You say the best films are taken by circuits?—That is so.

659. If block booking be broken down, and if the renter could not force bad films upon a reluctant exhibitor——?—That would be the millennium.

660. Why can you not deal with it in the way you deal with blind booking? Why can you not make it an offence to make it a condition that one film shall not be given to an exhibitor unless he takes another?—We should like that very much, but it does not seem practical in the ordinary way of business.

661. I wish you would develop that answer. You are familiar with the difficulties and we are not. Why could not that be enforced?—The question of block booking, as you have it here, is not exactly as I believe is understood. Block booking in the past, *i.e.*, prior to the 1927 Act, meant a combination of blind and block booking.

662. Yes?—And that meant each year we would be offered a string of titles and book a block, ten, twelve or fifteen films, as the case may be. That does not happen to-day. The film is shown and then booked in a block, and what the renter does is to offer you seven or eight films, and out of the seven or eight perhaps you would like to take five or four. But the renter is not prepared to book you the five or four unless you are prepared to take the eight, and then it becomes a matter of negotiation.

663. I see you benefit to some extent by stopping blind booking?—Not to some extent, my Lord, but to a great extent.

664. If you could stop block booking as well, you would be very much better off?—Well, that is, of course, covered by the suggestion we placed before you in paragraph 30, the K.R.S. booking policy.

665. Well, you describe the difficulty, but I do not gather that any solution has been given?—The solution in view is this. It is a question of the strength or weakness of the two parties negotiating. The individual exhibitor has not got the same chance of putting up a fight in negotiation as a circuit or if he has a number of situations to book for. If I am an independent exhibitor and say to the renter: "No, I am not prepared to book these eight films to get three or four good ones," then the renter might say: "This is only one situation," and leave it at that—but if I represent a circuit or a group of cinemas the position is very different as you will readily appreciate, and that is why the circuit does not have to take the same number of bad films as the independent exhibitor.

666. It is interesting, with regard to the recommendation in paragraph 23 that the quota should be reduced, to notice that the proportion of British films shown is considerably above the quota, which does not look as if on the average there is any insuperable difficulty about complying with it. It is rather difficult to understand why you suggest reduction to 10 per cent. if at the present time, in spite of its only being 20 per cent., 25·5 per cent. is being shown?—That is a point I have to clear up.

667. That it is a matter of taste in different districts?—Not only that. It is not a matter of the average, for this reason. In those solo districts where there is no competition and where there is a liking for British films, as you can obtain from the figures at the Board of Trade as much as 45 to 50, and even over that percentage of British film is used. But in the populous districts where there are these five to six cinemas competing for film the average is very much less.

668. In paragraph 26 you suggest that you would like to come back to us if we reach any decision as to the scale of renters' quota?—Yes.

669. I must point out the difficulty about that, because it is unusual for Committees to reach any decision as to their recommendations until they have heard the evidence, and I have not the slightest idea what will develop. Once we have reached our opinion, of course, we naturally have to report to the authority that appointed us, and we cannot begin recalling people when we have come to the end of our evidence. I hope you will understand it is not from any discourtesy, but from a necessity of the case that we must ask witnesses to state the case to the full when they come to us, and we have to form our opinions on that?—We have put that in so that we might not appear discourteous if, after you have arrived at your decisions on grounds which we do not think are advantageous or fair to the industry, we find that we must proceed further in this matter.

670. Then the responsibility is on the Board of Trade?—Yes.

671. They clearly have to examine it over again. But I am afraid we cannot look on any evidence as conditional on a particular decision?—No, we quite appreciate that.

672. I wanted to make that clear?—If I might suggest, this is my own personal opinion and not the opinion of the Association.

673. We quite appreciate we may consult you again if we think there is anything which makes it necessary. You put the cost of a good film a good deal higher than some other authorities. You put it at £25,000 to £30,000 at least. Any high figure would have the unfortunate effect of knocking out the small producers, but a lower figure which would yet be much beyond what they are spending at the present time would not have this effect of knocking out small film producers. You do not want to keep the "quickie" producer, even though he is small?—

What we are really concerned with are the firms that are endeavouring to make good films. The difference is this, that when one of these small producers, to whom we have referred in our memorandum, makes a film, he makes it knowing that he has to sell it and make a profit out of it. Those are the people we want to retain, but firms making quota films for foreign companies for the only purpose of complying with their quota requirements, we would just as well see out as in. They are no advantage to the exhibitor.

674. Here again I am speaking for myself, and going by evidence we have heard. I take it no one would suggest the cost basis should be rigid and final. Clearly you would risk great injustice unless you had some power of appeal for a really good film?—What you mean to say is that if a film costs £5,000 and it has a special merit that it should not be debarred from quota because it did not cost £2 per foot, and a committee would be set up to decide this?

675. It would be a much smaller matter for them to decide than if they had to see every film. If the general production could be automatically tested on cost basis?—I would like to make this suggestion about any difficulty that this Committee might experience. We, the exhibitors, feel very strongly on this question. We want to see good British films and a very fine British industry set up, and we do not think any trouble that might be occasioned to five or six people in viewing films should be taken into consideration. The question is of such great and vital importance that, if five or six people have to sacrifice time in viewing all British films, that is not too much to ask.

676. If they have to see all the films they would have to be a paid Committee, the volume of work would be much too great for any other method. It would also be very difficult to get any Committee which would command universal support. It is a much smaller matter if you only view the exception?—We would rather view the exception than the rule in this case. We think it is so serious.

677. In paragraph 29, it would be difficult to apply a cost test to British films produced in the Dominions. Is it not a fact that Form C basis is applied to them without any suggestion it is unfairly operated?—I do not know what the Form C basis is.

678. It is the qualification for British films; certain elements of cost are excluded and certain other elements computed, and it is set out in Form C. We are familiar in this Committee with Form C. The only point on Form C at this moment is that it is a matter of certain analysed costs and, if that can be applied on the certificate of reputable bodies in the Dominions, ought there to be any difficulty about applying the cost basis generally to the Dominions?—Yes, we feel that it is going to be very difficult to apply a cost basis to either the films produced in this country or in the Dominions.

679. Could you develop that?—Yes, that is not difficult. Take the question of ordinary floor space, by the time it has passed through three different companies, the cost may be considerably increased.

680. That is the kind of case which no doubt is the reason that Form C was adopted. Form C eliminates those difficulties. It only includes wages and salaries, and, of course, you could get a figure to correspond with whatever was considered reasonable for a total expenditure to be the test for the expenditure on wages and salaries, and it seems to me that on those lines there ought to be no more difficulty with the Dominions than there is at the present time?—The whole cost would be based on wages and salary, nothing taken in for production, or electricity, or studio space?

681. Form C takes account of wages and salaries, which are, on the average, approximately 50 per cent. of total cost of production of films. So if the film costs £2 per foot, £1 per foot can be said to be wages and salaries. It has been applied to films from the Dominions and I understand can be applied without serious difficulty. In paragraph 33 you would like the admission of certain classes—which of the excluded classes?—We do not want it.

682. I know you do not want it?—At present there is no money in British shorts. If to salve your conscience, or for some reason unknown to us you still wish to include the British shorts and to prop up something that is uneconomic, we say, as exhibitors, we must not be burdened by having to secure long British films to compensate for the foreign shorts we use when you are not able to come forward with at least the corresponding 20 per cent. of British shorts. If you insist on propping up British shorts, then we suggest that news reels, cine-magazines, Pathetone, and that type of short, should be allowed for exhibitors' quota.

683. You have no special class of short in mind when you mention certain classes which might be used?—Yes, those just mentioned.

684. They have exhibitors' quota now?—No, they have not. They do not rank.

685. In certain cases, if there is special exhibition value. Then in paragraph 37, I do not know if this question about trade shows is of any importance to you. I understand in London they very often are for charity?—The point is this. It has become a habit these days for the renter to throw a very fine premiere, and invite the whole of society there, whilst excluding the members of the trade, and make the members of the trade pay their guinea or two guineas for tickets, or else not admit them.

686. Therefore the trade show need not be free?—Need not be at the moment.

687. What is the normal procedure. Do they generally make a charge?—They are divided into two classes. (1) Film premieres (usually for charity), where a charge of anything up to five guineas a seat is made. (2) Special trade shows to which the exhibitor is invited. Certain renters who run these premieres do not invite members of the trade to see the film during its West End run.

688. Do the small exhibitors find much difficulty in seeing these trade shows?—They find a little difficulty, and that is why it has been put in.

689. In the following paragraph you wish to bring in the "non-flam" film?—Yes, my Lord.

690. Is this a big element at the present time?—Well, it is growing, and it is becoming very serious.

691. They are 16 mm.?—Yes.

692. The "non-flam" is the type that can be shown in the hall without the special fire requirement?—That is it.

693. What you say is limited to 16 mm.?—Yes.

694. Are these commercially shown, or are they shown in the village institute, and that sort of thing?—Well, they are charitable, my Lord, but the object is to make a profit. If I might suggest, we would be very satisfied that those shows which comply with the requirement of the Customs and Excise for exemption of Entertainment Tax should be excluded; but those shows that would not comply with the requirements of the Customs and Excise for exemption of Entertainment Tax, we say should come in with us and be as patriotic as we are and run their quota as we do.

695. I suppose it is arithmetically impossible to work the quota out, if it is an isolated show?—They are not isolated. They are growing, and becoming competitive.

696. (*Mr. Holmes*): Will you tell us the reason why some districts are inimical to British films? You mention Scotland and parts of London, can you give any reason for that?—I cannot give you any reason. I have a cinema at Walthamstow and I have a cinema at Watford. Now during the same week I show the same film at Walthamstow, it is successful. At Watford it fails or *vice versa*. (*Mr. Fuller*): We submitted some experiences eighteen

months ago when we saw the Board of Trade and we brought one or two people. It is amazing to see their figures, and taking all the grades of programme you see their takings ranging from £400 to £600 a week. Every time a British film comes in there is a drop of £150 a week.

697. (*Mr. Cameron*): Are these working class areas, or middle-class areas?—More working class areas.

698. (*Mr. Holmes*): I want you to assume the renters' quota is done away with, and that block booking is done away with, and so far as the exhibitors are concerned they have free trade in films. They can choose whatever they like, maintaining a quota of x per cent. of British films. I want to ask you first whether you think that will not encourage the making of good British films, and the abolition of the bad quickies?—(*Mr. Fligelstone*): Might I ask if you are suggesting in simple language that a quota should be retained upon the exhibitor and no quota upon the renter?

699. Yes?—I think that is a very wonderful suggestion—for the American renter. What would happen if that were done would be that the American renter would be entirely satisfied with the quota and would say to himself "Well that is so much loss per annum or so much expenditure per annum washed out." We are fairly satisfied with the product from the British companies. It is the American companies with whom we are concerned. Furthermore, I understand in protective legislation the first thing the Government does is to protect the consumer and not place him at the mercy of the manufacturer, which is what I suggest would happen. We have been exploited as it is, but that would be nothing compared with the manner in which we should be exploited if there were a quota only on the exhibitor.

700. We have been told that the American renter, in order to fulfil his quota, gets a very cheap British film which lowers the prestige of the British film maker. Is that correct?—Well, I think in the main without a lot of explanation I should say "yes".

701. If, therefore, the American renter is not required to trouble at all about British films, those cheap, poor British films will not be made. It will, therefore, encourage the British maker who wants to make a good film to make a good film, because he will be able to put those on the market, the exhibitor will be able to take them as part of his quota, and the competition of the cheap American "quickie"—British "quickie" made by the Americans to fulfil their quota—will disappear?—(*Mr. Fuller*): Why will he be encouraged to make good ones? One can understand his being encouraged to make films as fast as he can, but why should he be encouraged to make good ones?

702. The exhibitor will have to take so many British films. If British producers know that this quota must be taken by exhibitors they will endeavour to make good films because, as you are not going to have block booking any longer (mind I am still talking with the abolition of block booking in mind) there will be a free opportunity on the part of every exhibitor to choose for himself whatever British films he likes.—(*Mr. Fligelstone*): What guarantee have we that there will be this urge on the part of the British manufacturer to make good films? There appears to be a misguided opinion about this industry that there is a wish on the part of the producers to make greater and better films. We have not found that. What we have found is the wish to make money in this business, and I put it to you this way as a thinking man. I know that if I were a British manufacturer in those circumstances I would immediately get hold of the British manufacturers and form such a ring that there would be no choice or margin of selection for the British exhibitor. He would have so much, and so much, and he would have to take it whether he liked it or not, and to pay what was demanded whether he liked it or not.

703. Under the renters' quota at the present time your exhibitors have to take so many British films per annum, but in order to get your American films you are compelled to take so much of that quota from the Americans in block booking?—That is not so. We are compelled to take the bad quota because there is no good quota.

704. Are we to understand that no American renter ever says to an exhibitor in this country, "We will only let you have this American film of ours if you take A, B and C of our British films"?—If you ask me personally, I cannot speak for the whole trade because I do not know how they negotiate, but if you ask me personally that does not happen with me. I will make a definite statement so far as I am concerned. I cannot speak for the trade because I am not in their offices when these negotiations take place, but I have never had that put to me.

705. You have never had to take any British film with an American film compulsorily?—In the ordinary course of events the salesman has to sell his English quota and not all American films are good, but they do not come with a pistol to your head and say, "Take so-and-so".

706. You have to take eight films together, and are they not British films?—Not necessarily.

707. How does the renter fulfil his quota at the present time?—He is in a different position from the exhibitor. The exhibitor has to show. The renter has practically only got to acquire.

708. Does not the renter have to sell so many British films for every foreign film?—If I may suggest it, Mr. Patterson could answer that even better than I can. (*Mr. Patterson*): The position of the renter is that he has to acquire for the purpose of renting to exhibitors a certain proportion of British films. The Board of Trade examine the renter's returns to see whether he has rented those films to exhibitors.

709. (*Mr. Holmes*): We have been informed the reason why so many bad British pictures are on the market is because the American renter, in order to fulfil his quota, buys these cheaply and passes them on together with his good American films to an exhibitor and so the prestige of the British film making industry has suffered, and you say that is not correct?—I have said that is my personal experience. I cannot speak for the whole country. I have not consulted them. (*Mr. Fuller*): You can generalise a little more to this extent. In a booking, a man will pay a percentage for his complete programme. Your second feature, which is one of these rubbishy quota "quickies," if a renter has one of those on hand he may put it against his good American film, and as you have to show so much footage that will in due course be shown. In some highly competitive districts the salesman will use every device possible and say "You had better take the 'quickies'," for the purpose of getting the number of bookings to be submitted to the Board of Trade in due course.

710. Are you in favour of block booking?—No, we are not in favour of block booking.

711. (*Chairman*): You think your solution in paragraph 31 is workable. You cannot let everybody show the film at the same time, and the preference of one over the other is inevitable.

712. (*The Hon. Eleanor Plumer*): Does the barring clause come in now?—Yes.

713. (*Chairman*): Barring clauses involve this discrimination. This looks wonderful if you could do it?—You could do it to-morrow. The Kinematograph Renters' Society will not let you pool your bookings if you are individuals. What is likely to happen to-morrow is that you would get perhaps five to six competitive groups, but they would all bargain, they would do a much more suitable bargain with the renters than they can do as individuals.

714. And the give and take would come within the group. Would not that involve very great

difficulty in adjustment?—The group can look after all that.

715. It would equally cause an advantage to the big man, and a grievance to the small man?—The small man could always get on to a group.

716. (*The Hon. Eleanor Plumer*): Could he? Would he be taken?—Yes.

717. (*Mr. Holmes*): If the renters' quota was abolished, and block booking was abolished, would not the American renter give up British films altogether and only devote himself to his own films?—(*Mr. Fligelstone*): I think most of them would.

718. That would give a greater opportunity to a renter devoting himself entirely to British films?—We already have our British renting firms which are doing very well.

719. But this would stimulate them, and they would have more business to do?—What you do not appreciate is if you do not insist upon the goods being made there is no guarantee that they will be made.

720. You are going too fast for me. At the present time the renter who is dealing in British films has to stand the competition of the American renter who is also selling British films. If the American renter gives up the selling of British films, the British renter will have a bigger market in which to sell the goods that he deals in?—He will have less competition.

721. He will have less competition and the chance of doing greater business and making greater profits. Therefore, it will be to his interest to endeavour to stimulate the British producer to supply good films so as to give him the opportunity of doing a bigger trade?—What it will do will be to give him an assured market with less competition and greater possibilities for exploitation.

722. Would not the very fact that a certain portion of the renters' trade at the moment would be disappearing, I mean by that, the American renter would be giving up British films, would not that have the effect of bringing other people into the renter business dealing only in British films, and would not they in their turn stimulate British producers to produce British films?—No, definitely not.

723. That is a matter of opinion. I am suggesting to you something that always happens in any trade, and not in cinemas?—I say it is a matter of fact and you say it is a matter of opinion. I say it is a matter of fact; if what you say is correct why is there not a greater number of English productions made now by British companies?

724. If we have changed places, then I will answer what I think is the answer. Because under the quota system the foreign renter has to acquire a certain number of British films, and in order to fulfil that requirement he gets them made as cheaply and badly as he possibly can, and if he were no longer compelled to do that it would give the opportunity for British renters to get better films and for British firms to be encouraged to make them. We have changed places, but that is my answer?—My answer to you is in your own words; you say the American renter is already eliminated, because you say he acquires and makes such bad British films that they are unbookable.

725. No, I say he is able by the block booking system to force them with his good American films on to the exhibitors?—Which is not a fact.

726. But in the view of other people is the case?—That is not general.

727. It is not true in your case?—It is not general. (*Mr. Fuller*): Ten years ago I was very much occupied with this, and Sir Philip Cunliffe-Lister made it very plain that any scheme must prevent exploitation of exhibitors and therefore the machinery in this was very deliberately chosen that first of all you would assure the supply, and it went even further than it does to-day. You not only assured the supply but assured two films from which you could select one, and I do not know of any protective legislation where there is not some corresponding safeguard either to assure supply or to protect the user on price.

728. You appreciate that we are just trying to explore this matter and get everybody's ideas with regard to it?—But do you know anything which does not protect the user, any kind of protective legislation which does not protect the user on price from exploitation?

729. I am not suggesting for a moment that we should not protect the user in this case?—Then you come up against the next trouble which is if you do not leave the film to find its own price by the natural order of supply and demand, if you protect us on the ground of price that we should want to pay, you may automatically restrict your production to an inferior article.

730. Yes, I will take that into account?—Quota is a particular form of protective legislation, and I believe in most of the other quotas they always assure the supply from which the user can make his selection by guaranteeing the producer a price and that is usually fixed in conjunction with the user so that it has some economic bearing on the thing. That can apply to an article which has a fixed standard of value, and you get into terrible difficulties once you try to fix a price for an article of entertainment which has no fixed value like a piece of steel or something of that sort.

731. (*Sir Arnold Wilson*): I will take you back to the first paragraph, "membership of the Cinematograph Exhibitors' Association." What are these surplus places of entertainment, not included in your membership?—Roughly places open one night a week; places occasionally open less than six nights a week.

732. How many are there of that type?—You have all the information in the Board of Trade. Roughly, I suppose there may be, at any time, about 200 cinemas which have a licence, closed, who would be out of membership with us, or in process of some change, all round the country, and two to three hundred places open Saturday night.

733. What is the basis of membership. What is the charge?—It varies according to seating capacity. It ranges from two guineas to twenty guineas.

734. Per hundred seats?—It is on the holding capacity. The small cinema with a full house which would not exceed £12 10s. is two guineas. £25 is five guineas. £150 is ten guineas, and above that twenty guineas.

735. Under the title "Effects of Cinematograph Film Act," in paragraph 2, you say that there is general agreement. I should like to know how complete the general agreement is here. You purport to represent all exhibitors, both circuit and independent, and your evidence shows they often clash. How far is that general agreement real or temporary for the purpose of submitting evidence?—(*Mr. Fligelstone*): It is very real; this is a matter that has been before the members of the Association for the past three or four years. Evidence has been collected during the whole of that time, and this is absolutely a unanimous case that is being put before you.

736. Would it be true to say that in your deliberations generally the members of circuits dominate discussions as against the independents?—No, the reverse.

737. You go on to quote the Board of Trade return which states that 26 per cent. of British films were shown in 1934. I suppose you mean 26 per cent. of the total of films shown by exhibitors were British?—Yes.

738. But in a footnote you say it is understood the figures for 1935 are substantially the same as those for 1934. In view of the acknowledged improvement and the quality of British film production during the past year I should have expected to find an increase in the percentage of British films shown during the last period. What is your

explanation for the figure remaining constant?—First of all I would like to know where the decided improvement has taken place.

739. It has been given before us in evidence?—By the exhibitors?

740. No, not by the exhibitors. You do not think there has been improvement in British films?—I should think it is static, would you not think so, Mr. Fuller?—(*Mr. Fuller*): Yes. We work on a figure of 125 British films for the last two or three years. If you were talking as an exhibitor, figuring in your mind what will be usable films during the coming year, a figure of round about 125 represents the usable films.

741. There has been really no improvement in the last year?—(*Mr. Fligelstone*): I would like to qualify that a little, there has been an improvement in one or two films.

742. How far was the 1934 improvement due to a possible shortage of the good American product?—I should say the American product was also static. I mean other than the ordinary process of films getting better or a little worse, but on the whole it is about the same. (*Mr. Fuller*): I think we can show some improvement has taken place without affecting things very much. I think in the period to 30th September, 1934, you could content the public very well with a British film which was costing £12,000 to £20,000. In this last year or so the standard of money that you generally have to spend has definitely gone up into the region of £25,000 to £40,000. That is the measure of improvement which anybody going to the cinema would notice without knowing the reasons why it has happened.

743. In paragraph 5 you urge it is in the public interest that the production of poor British films should be eliminated. How far do you, the exhibitors, feel you can contribute towards the elimination of the bad British product; can you?—(*Mr. Fligelstone*): We can contribute to that by showing less British films.

744. What steps have you taken to encourage the better British product in the past?—We are the consumer, not the producer.

745. You are the middle man, are you not?—No.

746. In a sense you are really the middle man?—No. The middle man, I would suggest, is the renter. I should say the producer, the manufacturer, is the first, the man that sells the goods is the second, and we deliver the goods to the public.

747. I am regarding the consumer as the public who pays for the article and you as the retailer?—Well, that is not a true description of the position.

748. It is not a true analogy?—No, the public is the patron.

749. And you do not think it has been in your power to take any steps to encourage better British production?—It definitely is not in our power to improve production. We are not the manufacturers neither are we the renters. We can only use the goods that are delivered.

750. I am under the impression that the increase in the last two or three years with new cinemas has been almost entirely the larger circuits, not independents who get money locally?—(*Mr. Fligelstone*): I think that this is a matter that we should try and explain to you. (*Mr. Fuller*): These were our figures of last year. "An examination of the new membership of the Association indicates that 111 new cinemas have been opened in 1935. Of this number 19 replaced cinemas that are closed, so that the net increase is 92, of which 27 are owned by circuits and 65 by independents". That was the analysis we reported for last year.

751. I cannot see that that is public money?—(*Mr. Fligelstone*): Well, you cannot see that it is public money, but what happens in certain cases is this. A man comes along to a town or a man is in a town, he does not make a public issue, if that is what you mean. Do you mean public issue?

752. Yes?—But there are means of obtaining money from the public without a public issue. He gets his plot of ground, he gets his little company together, and he gets all the local people putting up their money. That is what transpires, but they contract big issues.

753. Is it not possible that a cinema loses something of its immediate competitive purpose and value when it becomes part of a circuit and is acquired as part of a real estate deal?—I do not think so.

754. Is it the practice of certain circuits to finance their new acquisitions with local money, apart from the independent whom you referred to as picking up local money?—Well, I do not quite know where all this is leading to.

755. Well, it is really arising from your reference to the growth of circuits and your immediate reference to the public putting up funds. I am asking how far that is being put up by and for independents and how far it is being done actually by the circuits who are getting in local small money.—(*Mr. Fuller*): We have given you the analysis for last year.

756. Yes, but those 27, I think that was the number, were circuits?—Yes.

757. Taking your figures in paragraph 6 for a moment; nine circuits between them controlled 652 first run cinemas, which represented about half the first run situations, which in turn dominated the booking situation, which means that the taste of a very large percentage of the British film-going public was, in fact, dictated by the booking managers of those nine circuits. Do you consider that to be a healthy state of affairs either for the public or for the British film industry?—(*Mr. Fuller*): We do not find that we can ever adopt the role of dictators in our business. We are absolutely the servants of the public. We can put before them what someone might think they ought to have, but the public is never under any obligation to pay for it; unless they continue to come to our cinemas we cannot keep our industry going, so that there is nothing of the dictator element there.

758. But in fact the circuits are somewhat in the same position as chain stores in that it pays them better to have a few standard products common to all their branches rather than to specialise on the public's taste which might vary from one part of England to another?—No, Sir, there is nothing standard about the entertainment business, and there is nothing standard in the public taste. It is difficult enough to anticipate what the public taste will be, it is difficult enough to keep pace with it when you think you have gauged it. Actually production is now on a very high level and has been of an extraordinarily high standard in its range of subjects during the last year or two, and exhibitors make the best selection from what is produced which they think will appeal to the public. In the course of their experience they get a considerable amount of ability in gauging what the public is likely to want, but if they make mistakes they pay very handsomely for it, and they endeavour not to make more than one mistake if they can help it.

759. Is it the fact that the less powerful exhibitors who cater for what is left of the British public find it difficult to compete with their stronger brethren by being unable to get the best products?—That obviously follows.

760. So that, in fact, there is a certain dictation involved in the mere fact that certain areas are in strong hands and powerful hands and other areas are quite content to reduce the quality available in those areas where the more powerful companies are not represented?—No, it does not mean that at all. Actually what the selection of films does is to enable you to get the people in that area into your cinema if you have the power to book against someone who has not the booking power. The public is not deprived of a sight of the films, what we are

concerned with is the rewards that you get for your labours. Where the stronger people are not, the same films are shown because the lesser people can get them, there is nothing to prevent them doing so.

761. I will turn to paragraph 7. You say that the exhibitors have more than fulfilled their statutory obligation. I gathered from the figures that the vast proportion have just fulfilled their statutory obligation as near mathematically as possible. The balance have presumably exceeded their quota requirements because they find it is profitable. Have they any other reason for doing so? Should they have any other reason for doing so?—(*Mr. Fligelstone*): Well, the only point is that it is somewhat difficult for the exhibitor to compute within one per cent. or two per cent. the amount of film that he requires.

762. I agree?—And naturally as a body we are anxious to be law-abiding citizens and sometimes we err on the side of caution, being one per cent. or two per cent. over rather than take the risk of having the exact quota. It is very difficult to compute, and the mass of our members are not altogether mathematicians, plus the fact, as I said previously, that in certain towns and districts where there is not excessive competition, where British production is liked, they do run an excessive amount of the British product.

763. On commercial grounds?—Definitely on commercial grounds.

764. That is to say your loyal support of the Films Act amounts to this—that you have refrained from breaking the law?—Our loyal support of the Films Act is that a great many of our members have not broken the law at considerable expense to themselves.

765. Because they would be prosecuted if they did not?—Not only that, but also at great effort, because I can assure you seeing, as I have to do, the quantity of bad films, it is a very great effort.

766. Bad films made by American companies in Great Britain?—I did not say that.

767. I am asking you.—I would say bad American films and particularly bad British films.

768. You refer in rather diffident language to the question of protective legislation upon apparatus and equipment. That is not really within the scope of this Committee, but can you say what percentage of sound projection heads used in British cinemas are of American origin and how far British?—Do you mean manufactured in this country?

769. Yes?—I do not know whether Western Electric manufacture here, do they?—(*Mr. Fuller*): They are understood to do a little. I think as a generality more than half the number of installations are of American origin.

770. It has been suggested to me that exhibitors have not been in all respects fairly treated by manufacturers—I make no distinction between British and foreign—in the matter of service charges, replacements, and the like?—An American company quite definitely charges more than the British.

771. So that whilst you have in your own case paid a little more to secure the right article you have occasionally got over-charged, when you have had it, by subsequent service charges?—Yes, but it is not on account of the protective duty, that is on account of the patent law.

772. That is arising from the operation of patent laws?—Yes.

773. Although this is not strictly within our terms of reference I should like as you have mentioned it to hear a little more on the subject, because the patent law of this country is intended to secure the working of the manufacturer in this country under licence?—(*Mr. Fligelstone*): I think I might help you a little. You are speaking now of the talking equipment more than anything else?

774. Yes?—Going back to the very early days the best talking set that we had the opportunity of securing was the Western Electric and the R.C.A., both American companies. The British talking sets were then indifferent. Furthermore when the talking phase took place there was a rush on the part of the exhibitor to get a talking set, and many of us signed these documents without thinking or realising what we were signing, in consequence of which a service charge which we regard as excessive is still being imposed upon us and we have no alternative other than to say "Take the set out and we will put in a British one" which would mean a loss of our investment and the expenditure of a further capital sum.

775. Are you taking steps as a body to ensure that this sort of thing will not occur again?—As a body we keep on making representations to this particular company.

776. You have not protested to the Board of Trade?—No. (*Mr. Fuller*): We are bound by a signed contract for ten years, and I think most of them have about three more years to go. We are keeping up a steady protest; we have got a certain very small number of reductions as a result of that protest. We advise our members to hold their hands and not to sign again, and when the end of the ten years comes we shall say we are not going to stand for these high charges.

777. Thank you. You refer in paragraph 9 to exploitation:—"exhibitors would be liable to detrimental exploitation by producers." But do you think that certain producers might justifiably put up the same complaint and suggest that on occasions in the past they have been exploited by exhibitors to the detriment of British film production?—(*Mr. Fligelstone*): You refer to quota legislation.

778. Yes?—(*Mr. Fuller*): Yes, they have in the past voiced complaints of some of the circuits.

779. There have been complaints?—Yes, I do not think they have ever been of the independent exhibitor.

780. No, I am speaking of the circuits?—Yes.

781. I will turn now to paragraph 10. What steps during 1931 and 1932 did the exhibitors take, although their quota was much less then, to counteract this deplorable policy of the American renters?—(*Mr. Fligelstone*): I think we appealed to the Board of Trade on one or two occasions. You see, it is not an obligation upon us to do the job of the producer. The producer is protected, the obligation is on the renter to take his films, and the obligation is upon us to show.

782. I did not know that you had, in fact, made representations to the Board of Trade, but you were, in your opinion, doing your best then to arouse the official mind?—On how many occasions, Mr. Fuller, have we been to the Board of Trade? We have been twice, I think. (*Mr. Fuller*): We have been twice. I found some notes which I had drafted in 1931, dealing with certain aspects, but the general rule of life, we find, is that nothing gets dealt with until it becomes a hardship.

783. Referring to paragraph 10 (2), what were the figures of registration of short films during those last three years?—I do not know. (*Mr. Fligelstone*): In 1930 there were 351 produced, and now there are only 131 produced, and what are 131 for what is required?

784. What percentage of each category of long and short films were considered usable during this period?—Well, of the long films we suggest that there were 116 to 125.

785. That is a little more than half, two-thirds you might say were usable of the long films. What proportion of the short films were usable?—(*Mr. Fuller*): There is nothing much in differentiating between shorts.

786. In paragraph 10 (3), what are the particular parts of Scotland and the particular parts of London? Can you name them? It is a matter of considerable importance?—(*Mr. Fligelstone*): No, I do not think we could name them.

787. Would it not be right to say that the only part of Scotland is Glasgow and neighbourhood?—No, practically all our Scottish members complain. (*Mr. Fuller*): And I think it is admitted by the British producers that they have difficulties there.

788. The Scots have a natural preference for foreign made films?—(*Mr. Fligelstone*): They have a natural resentment to British films, let us put it in that way.

789. What parts of London?—(*Mr. Fuller*): The East End is one.

790. Whitechapel?—Yes.

791. Stepney, Limehouse, Mile End?—(*Mr. Fligelstone*): Yes, and Walthamstow and Leyton.

792. And Hackney?—Yes. (*Mr. Fuller*): There are one or two other parts, but I am not sure which they are, where they do not go.

793. Clapton?—Practically all the industrial poorer neighbourhoods of London they are not liked.

794. How far would it be right to say that it is the foreign and Jewish elements in these parts of London which are mainly responsible for that particular feeling?—That is not so. I have a theatre at Walthamstow. I believe that the population at Walthamstow is practically 99 per cent. non-Jewish, and they resent British films there.

795. Is it fairly accurate to say that most Jews in all branches of the film industry here and abroad trace their origin to a common mid-European bloc, and they have a natural antipathy to the British outlook as represented in the films?—(*Mr. Fuller*): No, the British films, a good many of them, are produced by those people.

796. It has been alleged to us in evidence that there has been a tendency of certain elements in this country, alien elements, deliberately to go to West End theatres and to barrack British films as such?—(*Mr. Fligelstone*): Well, I think, my Lord, that this matter should be cleared up definitely. The proportion of the Jewish population of London is very small.

797. How many?—I cannot give you the exact figure, but it must be very little. How many thousand Jews are there in the country altogether?

798. There are about 370,000, I think, in London alone?—And what is 370,000 amongst the population of London, and as I have told you, in my own theatre in Walthamstow, where there are no Jews present, there is still the same antipathy. I do not agree that there is any section of this country who go to cinemas to barrack films or to make a fuss. They just do not like British films.

799. To what extent is the prejudice shown against the British film made by the American companies as against the British film made by the British companies?—Nil. If I may say so, when the public see a British film they do not know whether it is made by a British company or an American company, they just go in the same way, as I might suggest you and I do, to see these films. I see these "credit titles," but I do not remember the names of the cameramen, scenario writers or other technicians, and I see film after film.

800. In paragraph 10 (4) do you mean that the good British shorts are not produced in sufficient numbers?—All British shorts are not produced in sufficient numbers.

801. Could not exhibitors have given more encouragement to the producers of documentary interest films to make up for this shortage?—So far as the documentary film is concerned—are you coming on to the documentary film?

802. I am dealing with it, it is not mentioned in your evidence, but it is a short film?—Well, I am not quite certain what the documentary film is. I happened to hear Mr. Guedella the other day giving a definition of a documentary film; he said, "if machinery was photographed upside down that would be a documentary film," but all we come in contact with is entertainment, and we do not say: "Is this educational, is this documentary, or is this scenic"? It is just what we see and how is it going to take?

803. You have read Paul Rotha's book "Documentary"?—I have not.

804. That would give you a fairly good definition of the word?—I will make a note of that.

805. I am thinking of the film "Shipyard," for example, or films like "The Drifters"?—And "The Voice of Britain."

806. Yes?—Let me tell you what happened to a film of this kind. I saw such a film myself, and I said to myself, "This is not a bad British film and if it was cut down to about half I would book it." Well, it was booked against me fortunately, and the experience that the opposition had who played it was unfortunate. The public would not have it and will not have it, and I believe that happened right throughout the country; and, furthermore, I believe that the Association in their Report gave very good marks to that film. What I am getting at is this, the public come into our cinemas to be amused, not educated. If their amusement can be so guided that it is educational, that is all right, but they will not come in to be educated, and that goes back to the time when I handled myself a series of films called "Marvels of the Universe." That is going back perhaps ten or fifteen years ago, and still they will not have educational films as such.

807. Will you carry your mind back to the Empire Marketing Board days?—Yes.

808. Did you have any success with their films?—No.

809. Will you carry your mind back to "Drifters", the "Post Office" and the like, did you get any change out of them?—No. (*Mr. Fuller*): "Drifters", I think, is the only one of those that did any good. No documentary film, in order to get it in its right aspect, has ever set the Thames on fire. I spent a week-end looking through to see what the results were of something I said to our viewers. We have a number of viewers who produce a full report each week, and that is sent to our members, and I think it is accepted everywhere as more or less a standard report. Well, I think about twelve months ago I said to our viewers, who were constantly bringing to me various invitations to attend educational films, "You had better cover all these things in future and treat them all kindly", as most of them were dealt with by the small firms, and I spent this week-end looking through the results of last year, and with the kindest of treatment they are a very, very ordinary lot from an entertainment point of view. (*Mr. Fligelstone*): From an entertainment point of view, we do not say from an educational point of view. (*Mr. Fuller*): I believe you can say from the educational point of view. We do not want to discuss the affairs of the British Film Institute here, but we have looked at them very closely on the educational side, and I do not want anybody to think we are opposed to them, because it has been the exact opposite. When you look through them there is very little which you can take hold of, they are a bunch of half and halfers, they are not good education and they are not good entertainment. I think that sums them up.

810. In sub-paragraph (4) of paragraph 10 you referred to long British films. Do you mean full length first or second features as opposed to supers?—(*Mr. Fligelstone*): No, just long British films.

811. Is it not a fact that there are a good many exhibitors in the circuits who would prefer to bill an American second feature above a British first feature even on equal quality?—In those districts where the public resent British films definitely yes, but normally the exhibitor will display his most attractive goods, in the same way as the grocer or the greengrocer displays his best goods in the window. The exhibitor does exactly the same. We have got to attract the public into our cinemas and we put on top what we think is the best attraction.

812. You mentioned in paragraph 10 (4) that the necessity of acquiring long British films increases a 20 per cent. quota to about 24 per cent.?—Yes, definitely. I can tell you myself, I can only speak as I find it, that when I show a British film it costs me money.

813. But so far as you are concerned the majority of exhibitors do not care and cannot afford to care twopence where a film comes from, their business is to get people to the box office?—To entertain the public, but at the same time they are anxious to have a British film industry.

814. But their only real interest in the British film industry is a question of quota?—No, I think there is a genuine desire on the part of exhibiting members in this country to have British films, and they are prepared to make certain sacrifices for it.

815. Now, in paragraph 11: can you, if necessary, post figures to Mr. Patterson afterwards, comparing the American releases in the same categories?—Yes.*

816. They would be of some value to us as a comparison?—Yes.

817. Good first features—in the same categories as you have got here. Paragraphs 12 and 13, would you say that this was a deliberate extension of the pernicious policy adopted by certain American renters and already referred to?—What I would suggest is—you mean the acquiring of bad British films?

818. Where you say that the extra twenty were of such poor quality?—Some of this twenty may have been amongst the English companies, not necessarily the American companies.

819. And are certain of your members allied in one way or another to these very American renting companies?—To the American renting companies, no, I do not think so. (*Mr. Fuller*): No, I do not think there are more than about twenty or thirty cinemas in this country tied to American principals.

820. How many of these 64 films were made or caused to be made by American renters?—(*Mr. Fligelstone*): I should say a considerable quantity.

821. Do you feel confident that the public would have endorsed 100 per cent. your statement that these 64 films would never have been booked by exhibitors with a free choice?—(*Mr. Fligelstone*): There is no question about that, it is definite.

822. Do you recognise the possibility that amongst the American films shown during 1935 there may have been quite an appreciable number which would never have been booked equally by a public having a free choice?—Definitely.

823. So that you are not as free as you would wish to be?—Well, that is not quite the point. You see, we see a film when it is trade shown to us and we say to oureslves, " Well, that is a good film, the public will like it," but when it comes to the acid test of the public paying money over the box office the public say, " We do not like that film and we shall not go in to see it ".

824. Then, in paragraph 15, you say " Unfortunately the 'quickie ' was not envisaged ". Who invented the " quickie "? Is it an invention of the Board of Trade, is it an invention of Parliament, or is it an invention of the trade?—The " quickie " originates from an American expression for American films that were made on the quickie system—" quickies " to be made as cheaply as possible. That is how the word quickie originated.

824a. Paragraph 16, can you assure us that your members would be anxious to show more British pictures than required by law if they were available and of an equal quality to the British competitors?—I would say in those districts where there is a preference on the part of the British public for British films, yes. In those districts where British films are not successful, no.

825. In paragraph 17 you say, " To-day in the populous areas there are as many as five or six cinemas competing for patronage ". Do you think that condition is likely to be permanent?—Unless some of the weaker ones go to the wall.

826. Will it be the independents that are eliminated or will there be an agreement amongst circuits to reduce?—(*Mr. Fuller*): We do not know. (*Mr. Fligelstone*): That depends on whether the independent is given the same opportunity of acquiring strength that the circuits have got to-day.

827. You mentioned in your evidence that the K.R.S. object to independents grouping themselves together for the purpose of booking.—Yes.

828. Has that been tested in the Law Courts?—No, but very nearly. (*Mr. Fuller*): Very nearly. You can take it that legal opinion as to what they can do is clear although it is a difficult matter. The Board of Trade has stated the law in a report by Sir Wilfred Greene's Committee.

829. You mean the report of 1921 on Restraint of Trade?—Yes.

830. Because it struck me—I read that report this morning before coming here—that some of the K.R.S. regulations are perilously near infringing the Statute of Monopolies.—But they are just inside the law.

831. But that has never been tested in the Courts?—(*Mr. Fligelstone*): It is just inside you will find.

832. So that the law is not as clear as you might wish?—I am afraid the law is clear but not helpful.

833. In paragraph 18, there are quite a number of second run houses in a great many districts.—Yes.

834. Are there not also various houses which specialise in the revival of popular films.—(*Mr. Fligelstone*): A few. There are one or two, but very few that depend upon revivals, and the question of the runs is really a little involved. There are cinemas that run first, second, and even third runs on a film.

835. Now, in paragraph 19, you say that the 114 British films referred to in paragraph 11 are booked without any choice. Has not the enterprising exhibitor also got the opportunity of going out into the quasi-educational documentary, with just a little wider choice, and bring something new in?—From what is available?

836. Yes?—Well, that we have done with disastrous effects. We booked one of the best which proved very unsuccessful.

837. Has that type of film had a sufficiently large experience all over Britain?—I should say yes, definitely, but the public will not be educated.

838. In paragraphs 20 and 21, if your Association represents all classes of exhibitors how is it that the independents among your members are unable to receive proper representation and fairer treatment. The paragraph suggests that your Association has not, in fact, been able to exercise the protection for the independents which it sets out to obtain?—That is perfectly right. (*Mr. Fuller*): We have asked you to help us with the K.R.S.

839. But on the other hand you said that it was not true that the circuit members of your Association controlled its deliberations?—We do not control the business of our members.

840. Or the policy?—We do not control their business policy. We are their protective Association but we do not book their films for them, and we do not control their finance or anything of that sort.

841. Referring to paragraphs 23-25, the argument you put forward appears to be based on the assumption that neither the quantity nor the quality of British films will improve in the near future, but in paragraph 25, you say that " British films, when good, have sufficiently established themselves that an increase in quota is unnecessary for their development. They can now increase in numbers on their quality without any further artificial stimulus." Well, if the last part of this paragraph is true you will automatically get a wider selection of better class films?—That is so.

842. Assuming that the plan in paragraphs 26-28 would give exhibitors a wider choice, do you think it would improve the standard of production?—(*Mr. Fligelstone*): We do not say that it will improve

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* Annex.

the standard of production, all we say is that we want a greater standard of protection from exploitation. We are the consumer not the producer.

843. Do you consider that renters will offer, as you say, twice as many films of a certain quality, that you may be embarrassed by a surfeit of good films?—No, we shall never be embarrassed by a supply of good films, we shall always be embarrassed by a shortage.

844. Then you feel there will always be a surplus of unwanted films regardless of quality?—There is bound to be that surplus in the same way as with plays.

845. That must always be the case?—That must always be the case, but it is not necessarily always the case that the intention is good; but at least let us be certain that the intention is good.

846. Have you known in your experience as an exhibitor any large number of films which you as an expert thought ought to succeed and thought they would succeed and then your judgment has proved wrong and the public has declined to follow you?—Yes.

847. And is that a general experience in the trade, is the public as fickle as that?—Yes.

848. Your psychological experience does not give you any clear indication as to what the public are going to say?—Well, there are certain standards that you get from experience. You see a film and say " This will go or that will go ", and sometimes we are wrong.

849. You are still apt to make mistakes?—We are still very apt to make mistakes.

850. In paragraph 28, is it not possible that a decrease in quantity might be attended by an increase in quality?—(*Mr. Fuller*): I will put it this way, that we are always working on 125 usable films.

851. Well, if you exclude certain bad British pictures would it not be equally worth your while to shut out some of the worse foreign films as well? —(*Mr. Fligelstone*): Well, as far as the foreign films are concerned we have got a margin of choice. The difference is this, for example the average is I think about two British films released per week and about nine or ten foreign films. Supposing out of the foreign films there are two bad ones and out of the British films there are two bad ones, we are left with no British films to select from, whereas we have still got eight foreign films to select from for that week.

852. You attach great weight to British " quickies " made in the Dominions?—Very great.

853. Do you despair of legislation being enacted in this country to prevent that?—We do not despair, we must definitely ask for that legislation.

854. Have you made any suggestions at any time as to the general lines on which legislation against Dominion " quickies " might proceed?—I think this is a very important subject, because we should not like it to be thought that there is any question of prejudice on the part of the exhibitors in this country against Dominion production. Let us be perfectly clear on that point. What we do say is this, that the film—I am not dealing with Indian films now, I am dealing with Canadian and Australian films, that is films made for Canadian and Australian markets—whilst eminently suitable over there may not be suitable for this country, in the same way as some of our very biggest successes over here are not acceptable in America, and so we say in a case of that kind that what is made and is not necessarily a " quickie " over there, but a good Australian film and which does excellent business in Australia, may not be suitable for this country, and should therefore not be admitted as quota over here. As far as the Indian film is concerned, which comes in on a quota basis, you know that India has a large illiterate population and the silent Indian film, the kind of film we receive here ranking as quota, could never be any use to us as exhibitors.

855. How is it that an American film made for America is generally acceptable whereas an Australian or Canadian film made for those countries is not?—There is a very vast difference in the population to begin with, is there not, and when we speak about Australia and Canada and New Zealand we must realise, after all, that though they may be very big countries their population is small, and the money expended on their films must be small.

856. It is really a matter of expense?—A matter of expense and taste.

857. Because the polyglot population of America is unlikely to have a taste similar to ours? —Well, it so happens the American taste is similar to ours.

858. What are the functions of the smaller producers to whom you referred? Are they helping to improve British standards?—They are making a type of film that we can use, they also form the basis of competition and they are an incentive to an advancement in quality of British production and we should be very sorry to lose them.

859. In paragraph 29, your argument is to me of great interest, and I do not want to keep the Committee now, but I suggest it might be worth our while, my Lord, to have a further memorandum from the Association in writing developing this particular argument which is put. It is the most constructive suggestion that we have had on this particular subject, but it is much too briefly set out for me to be able usefully to cross-examine on it or for us to be able to make any very definite conclusions. Would it be in order to ask them to consider sending in a further memorandum on this point?

860. (*Chairman*): Certainly, and we can re-call them, if necessary.

861. (*Sir Arnold Wilson*): We can re-call them if need be, but if we could have a preliminary memorandum, because here is something which is strictly practical.—You would like that developed, would you?

862. Yes, it is practical, but I am not sure whether it is practicable, and I would like a further development on that?—Yes, a further development of the quality clause as suggested?

863. Then in paragraph 31, K.R.S. booking policy. You say that the object of the policy has been to keep exhibitors in competition with one another and for the purpose of increasing and maintaining high film rentals. You say that the effect is to advantage the circuits at the expense of the independents. That being so, do the representatives of the circuits amongst your membership endorse your demand for legislation which will ensure a favoured position for the independents?—The circuits themselves are divided over this matter. Certain of them, I believe, would be quite happy to have an opportunity of our linking up with them even to secure greater strength.

864. But we can still accept the statement made in paragraph 31 as being the corporate opinion of your Association?—Absolutely.

865. It is remarkable that it should be so in view of the admitted division of opinion in your ranks, but I just want to be perfectly clear on that point. In paragraph 32, do you suggest that a special committee of the Advisory Committee of the Board of Trade should assess the quality of all Dominion and Colonial films before they are offered in the open market?—Definitely.

866. Well, as Chairman of that body I should not be prepared to admit that we assess the quality, we are only concerned as an Advisory Committee in applying the law as best we can?—That is what we are trying to point out to you, that it is essential, and we make one point first of all that there is no prejudice on the part of the exhibitors so far as the Dominions are concerned, that we did not want to come into this argument at all, but we say we must have protection against unsuitable Dominion or Empire films coming into this country and ranking as exhibitors' quota which are of no use to the exhibitor whatever.

867. Do you regard the Advisory Committee as being a suitable body for that purpose?—We are suggesting it could be made a smaller body so that you could call it together more frequently.

868. Would it not be better to have an *ad hoc* body under the Board of Trade advising it on that particular topic apart from the Advisory Committee?—I think it would. (*Mr. Fuller*): The point we are trying to make was to emphasise that the various proportions should be maintained in any body. I do not think we should worry whether it was the Advisory Committee or an *ad hoc* body. I may as well point out that under the New South Wales Act, because someone else will if I do not, the three people who are appointed there to examine the films have no-one connected with the trade with them. The small amount of work that they will have to handle is such that it may not really matter that they are all laymen, but having regard to the magnitude of our business we should not like to see that in the hands of two or three laymen to judge the entertainment value.

869. You mentioned there is no money in British shorts. How far is that due to block booking?—(*Mr. Fligelstone*): Not at all. (*Mr. Fuller*): It was expected to happen when this Act was framed. Films originally were in two watertight compartments, long films against long films and short films against short films. A lot was said then that there was no money in shorts and that would be the tendency for their number to diminish, and that has come about.

870. Can you, as consumers, suggest any way in which British shorts can be made to pay?—(*Mr. Fligelstone*): No.

871. Then in paragraph 33, do you not think that the exhibitor must shoulder with the renter part of the blame for this state of affairs?—Definitely, the position is that we do not use sufficient short films to make them lucrative.

872. In New Zealand, I gather, they have got a universal practice of having one long and a variety. Who introduced the two feature system into England, how did it happen?—Strange to say quite a lot of people claim that privilege. It is the natural evolution of the trade that you naturally find by giving the public more you do better business.

873. I gather from other parts of the world, including your evidence about America, there is a far greater tendency to have a single feature followed by variety?—Yes, but also in America there is now a tendency to run a double feature programme.

874. So that they are following our example instead of our following theirs?—That is so. (*Mr. Fuller*): The public begins after a time to ask for a double feature programme.

875. Have you any experience of Continental work in this matter?—(*Mr. Fligelstone*): I have been into one or two cinemas on the Continent, but they run their shows totally different from the way we run ours. I have been to cinemas where they have a pause of ten minutes between each reel, and they all have a chat and a smoke and are quite friendly.

876. You say in paragraph 33 that there are certain classes of short British films that you would be prepared to admit for short British film quota?—Yes.

877. Which are they?—The news reels, the cinema magazines and the pathetone gazettes.

878. Can you visualise elastic legislation satisfying the trades affected in paragraph 35 without a serious amount of controversy and appeal, and so on?—This is a very peculiar business. When this 1927 Act was first thought of there was no suggestion of talking films.

879. In paragraph 36, what about modern films originally made as silent films but with sub-titles or music added or dialogues synchronised where necessary?—The only one that we have experienced recently is the Chaplin " Modern Times."

880. Is that going to become a practice?—The thing is elastic, we cannot see what the future is for us, but the present trend of the trade is for talking films.

881. Now, you have already mentioned first nights as publicity stunts with charitable causes being allotted to them and even Royalty roped in for the benefit of the trade, and the costs put down to the publicity budget, I presume?—I did not say so.

882. I said I presumed the costs are put down to the publicity budget?—I cannot say, because we do not see the renters' allocation of that.

883. Touching your phrase " the patriotic obligations that attach to the showing of British quota," to what extent do exhibitors in this country feel themselves to be under any patriotic obligation?—They do feel themselves to be under a patriotic obligation; they like to show as the natural thing a British film.

884. Even though——?—Even though it costs them money they still like to put on a British film.

885. Finally in paragraph 39, television. You say briefly,

> " doubtless the televising of a film for purposes of public exhibition will be included in any amending legislation,"

but I confess my mind boggles at the prospect of legislating for anything which is in such an undeveloped state. I should like to have a memorandum on the subject as I cannot envisage it, and it is not the business of the Board of Trade to exercise imagination?—I think in that matter your mentality is the same as mine.

886. Then we must wash out that particular paragraph of your report. Thank you, my Lord.

887. (*Mr. Cameron*): Most of my points have already been covered. You refer to second feature films. I take it that you would always envisage there being a necessity for a supply of second feature films for the smaller houses and as second features in the larger houses?—There will always be second features for the larger and the smaller houses because the film that is made with the best of intentions and does not turn out right still has its uses, and its use is the second feature.

888. So there will always be a need for the films made not with the fullest possible cost but on a modest scale, but made as good as possible?—Definitely.

889. On this question of British shorts would it be possible to go back to the idea of British shorts counting against foreign shorts instead of bringing in short and long together. Would that help to give a chance to the British shorts?—They are not being made, that is the point. The British short is not being made. The producers are not making British shorts, they are making long films, they evidently do not think it is economical or worth while making the British shorts.

890. Are there not a lot of shorts being shown which are very bad from the entertainment point of view?—Yes.

891. To put in something that is half education and half entertainment is of no value whatever; it is probably bad education and bad entertainment, but do you not think there are signs of some firms making shorts that are very good entertainment?—(*Mr. Fuller*): Are you quite clear that if anybody chooses there is no opposition anywhere to anybody making shorts. If good shorts come we book them with both hands.

892. If they come along you are only too glad to have them?—Yes.

893. And you would not object to seeing short set against short on a special short quota?—Providing you are satisfied that the shorts would be produced, but we do not want to create another burden, we do not want to create further exploitation, and if it means that we are going to faced with the " quickie " short again then we would say no, we do not want it. If you could safeguard us, " yes," but no exploitation.

894. On the question of the quality of British films, to take the opposite suggestion to the one put by Sir Arnold Wilson to you, it has been stated and is stated quite often that the objection to British films on the part of the regular cinema goer is that, with certain notable and recent exceptions they have made with less expenditure of money, since the best artists and the best technicians go to America, and consequently that they are dull both technically and as an entertainment in relation to the American made films?—Yes.

895. Is that a fair statement?—That is a fair statement. (*Mr. Fuller*): In the past some have not been quite so slick.

896. Would not that explain to a large extent this variation in area reaction?—(*Mr. Fligelstone*): I think it would, particularly in London they like something fast, snappy and slick, like the American gives, and they cannot stand the British production that is slow and halting and not as perfect as the American production.

897. And do you get the preponderance of demand for the British picture more in the middle class and residential districts?—Particularly in what I term the country districts, the better class districts which cannot stand the American films.

898. Do you find that under the circuit system there is a tendency for local choice to be eliminated? The taste of a South Coast watering place and the taste of a northern manufacturing town are probably different?—Very different.

899. Do you find that under the circuit system if there is a circuit house in the North and another in the South the same film is shown?—Not always, but in a great number of cases. (*Mr. Fuller*): As a matter of fact there are circuits for booking purposes within the circuit, and you get certain houses on circuit A, certain houses on circuit B, and certain houses on circuit C, so that you get the differentiation within, and that enables them to book in special areas films which have a special appeal which would not be universal.

900. And that is becoming a regular practice?—Yes.

901. There was a time when the circuits first started when that did not happen, was there not?—It may have been, but not now.

902. Are there signs, do you think, of a tendency for differentiation in programme in particular houses? You mentioned one, and the Academy is obviously another?—(*Mr. Fligelstone*): Yes, Studio One in Oxford Street.

903. Do you find that there is a tendency in the provinces for a similar, but less marked differentiation, one house concentrating say, on A films, another on family party films——?—No, I do not think generally, they simply go for entertainment and what the public will come in to see.

904. And have you any evidence that the proprietors of the special theatres, whether in the Provinces or in London—because there are some in the Provinces—have a difficulty in getting films, foreign films of a limited appeal, but obviously of entertainment value to their particular clientele. Do you find under your existing quota arrangements that your members who are wanting to show that particular kind of film find it difficult to get it?—I think they find a difficulty, I do not know why. They find a difficulty in getting suitable foreign films.

905. The difficulty I had in mind was getting them on the renters' quota?—That I do not know. (*Mr. Fuller*): I have only had one case, which was where a film is brought into this country by someone who has the quota against it, and he just runs through his five or six bookings and then sells the film outright to another man, and on the transfer the second man would have to get some additional quota. That is the only case that I have come across. I have noticed a very big development of these films into a regular business in the last year and there are people who have now got sufficient quota who will take them and rent them.

906. Is it not also the case that the Film Society brings in a film without its being on any renters' quota and an ordinary exhibitor cannot get hold of it?—I think they have means now of sending it round without any difficulty. I think they link up with people who have got some spare quota so that it is only a question of getting a renter to oblige them by registering it.

907. But you are satisfied that where exhibitors want to do that they have got reasonable facilities now for doing it?—I think so. I think the Board of Trade and the Advisory Committee are helpful on that point too.

908. I want further, to be clear what the position would be of an independent exhibitor in a town with, say, four other theatres in it all belonging to a circuit. I am thinking of an actual case where that particular exhibitor had started, and most successfully, to show films of rather a special character. Now, supposing he wants to compete with the general trade of the town, he wants to book a film that would normally be shown in the circuit theatres or in one at any rate of the circuit theatres, he probably finds he is up against a barring clause, does he not?—Yes, he cannot get it.

909. So does that mean, in a sense, where you have got one independent exhibitor holding out in an area against a number of circuit houses he is debarred from a very large area of the better American and indeed equally the better British films?—Yes. (*Mr. Fuller*): He is up against it. (*Mr. Fligelstone*): He is up against it, and that is why we, as independents, want this protection to have the K.R.S. policy put right.

910. Under that he could link up with a number of other people similarly placed?—He would be linked up with a number of other people.

911. People in the same position who would thus be able to compete?—To secure a fair quantity of the products.

912. (*Mr. Cameron*): Thank you my Lord, those are all the questions I have to ask.

913. (*The Hon. Eleanor Plumer*): I have only a few questions left. I gather from the discussion that you do not look upon the Act as a necessary evil, but on the whole the exhibitors' side of the trade welcomes it providing the quota is reasonable. Is that a fair statement?—That is a fair statement.

914. You desire for patriotic reasons to show British films, and you do not look upon the Act as a necessary evil providing the conditions are reasonable?—Providing the conditions are reasonable we like to show British films.

915. In paragraph 28 you say that you are not in favour of the suggested solution of cost as a basis of qualification because you are not convinced that it will be the means of increasing production. I did not think the idea was to increase the production, I think the idea was to eliminate "quickies"?—I think it would eliminate "quickies," but it would reduce the number of films very considerably. What we want to get is the same number of films but of better standard.

916. Yes, I see that perfectly?—And if you set up a cost clause it is going to eliminate a great number of films plus the fact that a number of the American films which we now get into this country would no longer come in because of the cost of the making of the British quota against those American films.

917. But supposing the cost qualification was, as has been suggested, as small a figure as £2 a foot?—We contend you can make just as bad a film at £2 a foot as at £1 a foot. The intention must be there, not the cost.

918. Is it possible to make a good film at less than that?—Miracles happen.

919. But with such a low figure as that it would not have the discouraging effect that you suggest? I thought that possibly putting a very low figure

would eliminate certain pictures?—They might not be as crude as they are to-day, but there is no guarantee they will be very much better.

920. I see that, but I thought possibly it would eliminate some necessarily poor films automatically?—(*Mr. Fligelstone*). We think that quality is the only means of elimination.

921. And you insist on that. My final question is on paragraph 40, Section 27 (3):—"In general we would remark that very little advantage arises by the continued retention of 3 (iii)," which concerns the author of the scenario, does it not?—Yes, we would prefer that not to be.

922. Yes, we have had a good deal of evidence to suggest that, not that it is very important . . .?—No, but we would rather it was not.

923. Then you go on to say:—"or (3) (iv)," which concerns the 75 per cent. of wages and payments made. Is not that a fundamental point of the Act?—Our point of view is that we want good pictures, that now that there is a general trend in the industry to put in more than one or two star actors and actresses in a picture who are paid very good money, we say we do not want it limited that 75 per cent. of that money must be spent on British artists. What we want is good films made in this country.

924. Yes, but you have rather casually dropped in (3) (iv) and it seems to me a good deal comes under (3) (iv), the 75 per cent. of wages and payments made. Does not that want amplifying?—(*Mr. Fuller*): It is really more a producer's point, and we just put it in to show our sympathy with their point if they were putting it up. You will notice the tendency in a very large number of American films to put in two, a popular man and a popular female star. Some producers in some of their recent films have had as many as six, and we think that 75 per cent. of salaries and wages in this country may have a bearing in any reciprocal arrangements you make for Dominion films, but in this country the only thing you want is that it shall be produced in a studio in this country and once you do that you can get all the technicians you want and it means that on every picture you can get the best key people fit for the job that you want. (*Mr. Fligelstone*): In other words, if I might amplify it, we do not want to put any restriction on the manufacturers of films to prevent them getting the best, whatever nationality they may be, to make good British pictures.

925. But the object of the Act was . . . ?—That has not worked out right. After all, the American producer in America can go to Germany, France and England and get the very best technicians and cameramen to make their films for them, and we want to see our producing companies in the same position, to be able to get the best from the world to make the best British films.

926. *The Hon. Eleanor Plumer*: I see, thank you.—Could you give us an indication of when you want the further evidence on the quality clause?

927. (*Chairman*): As soon as you can let us have a memorandum.—If I might summarise it, my Lord, what we are really anxious to see is better British films and to see that we have the margin of protection by having a greater number for selection. Thank you very much, my Lord.

928. (*Chairman*): Thank you very much, we are very grateful to you for your evidence.

(*The Witnesses withdrew.*)

ANNEX.

Schedule of Markings of American Films Trade Shown in 1935.

(*Renters distributing one or two American films only omitted*).

Renter.	None.	9½	9	8¾	8½	8¼	8	7¾	7½	7¼	7	6¾	6½	6	5¾	5½	5	4	Total.
A.B.F.D. ...	—	—	—	—	—	3	2	3	3	—	1	2	—	—	—	—	—	—	14
Br. Lion ...	—	—	—	—	—	1	—	2	1	2	1	—	1	1	1	—	—	1	11
Butchers ...	—	—	—	—	—	—	—	—	—	—	—	1	2	1	—	—	—	—	4
Columbia ...	—	—	2	—	4	1	9	10	6	6	3	—	—	—	—	—	—	—	41
Equity Br. ...	—	—	—	—	—	—	—	—	—	—	—	—	1	6	—	2	1	—	10
Famous ...	—	—	—	—	—	—	—	—	—	—	4	1	—	—	—	—	—	—	5
F. Nat.	—	—	—	—	4	8	8	2	—	3	—	—	—	—	—	—	—	—	25
Fox	—	—	1	—	4	5	7	15	7	4	2	—	—	—	—	—	—	—	45
Gaumont ...	—	—	—	—	—	—	—	—	—	1	1	—	—	—	—	—	—	—	2
M.G.M.	—	—	3	2	10	10	14	2	1	—	1	—	—	—	—	—	—	—	43
Para't.	1	—	2	2	7	17	15	8	2	2	—	—	—	—	—	—	—	—	56
Pathe	—	—	—	—	—	—	1	4	5	7	4	2	2	4	—	2	—	—	31
P.D.C.	—	—	—	—	—	—	—	3	7	6	4	1	—	—	—	—	—	—	21
Radio	—	—	1	1	7	4	11	4	8	4	3	2	—	—	—	—	—	—	45
U.A.	—	—	—	3	5	2	2	1	1	—	—	—	—	—	—	—	—	—	14
Univer. ...	—	—	1	—	3	5	6	4	6	3	9	2	2	2	—	—	1	—	44
Wardour ...	—	—	—	—	—	—	1	1	1	2	3	—	—	2	—	—	—	—	10
Warner ...	—	1	—	1	3	12	4	6	3	1	1	—	—	—	—	—	—	—	32
Total ...	1	1	10	9	47	68	80	65	51	41	37	11	8	16	1	4	2	1	453

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* Mr. G. R. Hall Caine, C.B.E., M.P., was invited to give evidence as a member of the Advisory Committee.

MINUTES OF EVIDENCE

TAKEN BEFORE THE

COMMITTEE ON CINEMATOGRAPH FILMS

FIFTH DAY

Tuesday 23rd June, 1936

PRESENT:

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
Dr. J. J. MALLON, LL.D., J.P.
The Hon. ELEANOR M. PLUMER.

Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. D. E. GRIFFITHS (*President*), Mr. S. ECKMAN, Mr. J. C. GRAHAM, Mr. J. MAXWELL, and Mr. F. HILL (*Secretary*), representing the Kinematograph Renters' Society of Great Britain and Ireland, Ltd., called and examined.

The Committee had before them the two following memoranda:—

MEMORANDUM BY THE KINEMATOGRAPH RENTERS' SOCIETY.

1. The Council of the Kinematograph Renters' Society, representing practically all the leading distributors of British and foreign films operating in this country, submit for the consideration of the Departmental Committee of the Board of Trade presently inquiring into the Cinematograph Films Act the following opinions:—

> (*a*) That the obligation put upon distributors of foreign films operating in this country under the Act as it exists to-day involving, as it does in some cases, the production of as many as 15 or 18 feature pictures in one year, is an obligation that is so heavy as to be practically impossible of effective performance and results in the present deplorable position of the obligation being met by the procuring of a large number of cheap, poor pictures which bring discredit on the British film production industry and antagonise the British cinema-going public against British pictures generally.
>
> (*b*) That in the opinion of the Council an obligation which calls upon distributors of foreign films to produce five or six feature pictures in the year, instead of the present number of 15 or 18, would more effectively serve the desired purpose of securing a reasonable supply of worth while British pictures, provided always it is accompanied by safeguards that this modified number of pictures are produced under conditions as to cost and otherwise that will ensure their being effective and creditable British pictures.

2. In expressing these opinions the Council are guided by their actual practical knowledge of the operation of the film industry in this country and of the working of the Act during the eight years it has been in operation.

3. The Council are also greatly influenced by the definite and emphatic assurances they have had from their members representing foreign interests that if the obligation upon them is so reduced as to make it really workable, they will whole-heartedly comply with the stipulations as to cost and otherwise necessary to ensure the production of worth while British pictures, and give any assurance in their power that will guarantee the carrying out of such stipulations.

MEMORANDUM BY MR. J. MAXWELL ON BEHALF OF THE KINEMATOGRAPH RENTERS' SOCIETY.

1. The K.R.S. was founded in 1915 and consists of practically all the leading distributors of British and foreign films operating in this country.

2. The British producing companies who are represented on the society by their distributing agencies are:—

- Gaumont-British Picture Corporation, Ltd.;
- British International Pictures, Ltd.;
- Twickenham Film Productions, Ltd.;
- Associated Talking Pictures, Ltd.;
- British Lion;
- Butcher's.

3. The major American producing companies, Metro-Goldwyn-Mayer, Paramount, Radio, Warner, First National, Universal, United Artists and Columbia are also members by their British distributing companies.

4. The output of each of the above American producing companies averages about 50 feature pictures per year, and there are seven such companies commonly called the major producing companies. In the British production field the major producing companies are, on the basis of quantity of pictures, Gaumont-British, British International, British and Dominions, Twickenham, and the average annual output of such companies has run around 20 pictures per year each.

5. Since the passing of the Cinematograph Films Act a serious attempt has been made by various British producing companies to establish a film production industry in this country. Prior to the passing of that Act the British film production industry had almost ceased to exist. The British producers, in building up their concerns, have had to train the necessary artistic and technical talent, as there was no existing supply available in this country. It has been a difficult and laborious job, and even yet, after eight years, there is nothing like an adequate supply of skilled personnel available. Even in Hollywood, where they have behind them almost 30 years of accumulated experience in large-scale film production, although having a supply of creative talent many times that available in this country, they still find a shortage of creative personnel one of their problems.

6. The Cinematograph Films Act imposed upon distributors of foreign pictures in this country the obligation to acquire a certain percentage of British pictures rising to and at present being 20 per cent. It should be observed that this obligation is imposed on these distributing agencies, the officials and personnel of which are not expert or even in most cases acquainted with the business of film production. As will be seen, most of these companies distributing foreign films have about 50 pictures a year to handle (or one per week), and that is an onerous job, apart from being called on by the Act to tackle in addition the production of a number of pictures ranging up to 18, or under an increased quota it may be 20 or more pictures a year. In a country where the native producing companies are already finding great difficulty in getting expert personnel for the manufacture of their output of pictures, this presents an almost insoluble problem for the officials of such distributing agencies.

7. The number of pictures under the current 20 per cent. quota required by these distributors of foreign films are as follows:—

Metro-Goldwyn-Mayer	16
Warner-First National	19
Columbia	10
Paramount	16
Radio	17
Universal	13
Fox	13

8. In my view it is practically impossible for any of these distributing agencies to undertake and effectively carry out the making of such a number of pictures each year, if made on a proper standard of quality and cost. I can speak with some knowledge on the subject because I have been engaged in the production of pictures as practically a whole time occupation since 1928. My own company has tried to increase the number of pictures beyond the 20 or so that we handle each year, but has found it impossible to get the talent and skilled personnel necessary to do so. When we did try in one or two years to largely increase the output we found several of the pictures were of such poor quality that we hastily abandoned the idea and confined ourselves to the figure mentioned above. I find that the number of pictures produced since 1928 by the various British producing companies are as follows:—

	First quota year ended 31–3–29.	2nd year.	3rd year.	4th year.	5th year.	6th year.	7th year.	8th year.
Gaumont-British (including Gainsborough) ...	18	10	15	17	13	21	21	18
B.I.P.	18	16	27	23	25	21	20	14
British and Dominions	7	4	6	8	18	19	19	19
Twickenham...	3	3	3	18	14	23	24	7
British Lion	5	1	5	2	4	13	6	9
London Films	—	—	—	—	5	3	2	3
Associated Talking Pictures	—	—	—	4	4	5	3	4
Butcher's	—	—	—	—	—	—	—	6

9. In the past, owing to the inability to get a sufficient number of worth while pictures, the agencies distributing foreign pictures have had to buy such stuff as was available for them to comply with the terms of the Act, and there is no doubt that the class and quality of the pictures so acquired has, in many cases, been greatly inferior to the standard output from Hollywood of such companies, and even of the major British producing companies. These companies fully appreciate the serious disadvantages that arise from putting out quota "quickies," but their experience is, and personally from my own experience of the business I confirm it, that it was impossible in the circumstances for them to do otherwise. It must be kept in view that the primary purpose of their business in this country is the distribution of films, and it is in that capacity that the burden of producing a large number of British pictures is imposed on them. It seems to me unreasonable to expect them to be able, in addition to carrying on their business of distribution, to also undertake the production of such a large number of pictures each year as is called for under a 20 per cent. or higher quota, i.e., an output equivalent to that of a major British producing company.

10. These companies have also given us the assurance that it is their serious intention to acquire and produce worth while pictures and put in the substantial money necessary for that purpose if the number they are called upon to produce or acquire is limited to what is regarded by practical people as possible and reasonable.

11. The poor quality of many of the pictures acquired for quota, in order to comply with the letter of the Act, has done a great deal of harm to the standing and prestige of British pictures generally, and for myself and I am sure all those seriously engaged in the busines of British film production I would welcome an alteration of the Act which would permit, and possibly ensure, that the number of pictures acquired or produced for quota were of a quality and standard that would not bring discredit on British pictures generally.

12. I am also prepared to go the length of stating that if the number of pictures which are required to comply with quota remains at the present figure—or is increased—and if it were possible that these should all be good quality, marketable pictures, the result on the fortunes of the native British producers would be serious, owing to the greatly increased quantity of pictures they would find competing with them in the British market. So far the native British producer, owing to the poor quality of the pictures acquired for quota, has not felt them as competitors. If the number of pictures required under a 20 per cent. or greater quota, are all, as it is now hoped, to be made of a good quality and cost standard, such a large addition to the number of worth while British pictures would make serious inroads on the returns that have hitherto been got by the purely British producing companies mentioned above. The margin of receipts over cost at present got by the purely British producing companies is narrow, very narrow indeed. Indeed, I am safe in saying that very few of these companies' pictures show any profit, and if their present returns were going to be diminished, as I am sure they would, by a large increase in the number of worth while pictures made here, the results would be seriously injurious to the fortunes of the purely British producing companies. Any increase of quota would also in all probability be an inducement to a rush of mushroom companies and prospectuses as happened when the Act was first passed and also probably be followed in due course by a sequence of bankruptcies and liquidations as happened before.

929. (*Chairman*): Your organisation covers both the British Renters and the foreign-controlled renters, does it?—(*Mr. Maxwell*): Yes, Sir.

930. Are there some that stand out, that have not joined?—Only one, Fox, an American Company. They are not in at the moment because of some difference on a question of policy not connected with this matter.

931. What is the bulk of capital involved in the renters' branch of the industry? Is it British or foreign-controlled?—It is about fifty-fifty. The number of American-controlled renting companies is about equal to the number of British-controlled. A list of renters is given in one of the Board of Trade Schedules, page 24. Actually at the moment the K.R.S. has as members (*a*) *British-controlled*: A.B.F.D., British Lion, Butchers, Gaumont British, General Film, Pathe, Twickenham, Wardour; and (*b*) *American-controlled*: Columbia, First National, Metro-Goldwyn, Paramount, Radio, United Artists and Warners.

932. I am not sure if the capital is given?—The list is on page 24 of the Blue Book.

933. Is the capital given or only the numbers?—There is no capital given, no.

934. It was really capital I was getting at?—It would be very difficult to give you that figure because these renting branches are mainly subsidiaries of large parent companies.

935. They are really subsidiaries of the producers?—Largely, and the amount of capital may be relatively small to the value of the goods that they handle. They are merely sales organisations that need very little capital.

936. Yes, and of the witnesses to-day you are about half and half British?—No, I am the only British, the others are entirely American houses, but they are British registered companies.

937. The rest of the witnesses are all representing American companies?—Yes. Mr. Hill is the Secretary, of course. He is an official of our Society.

938. And are you all three American citizens?—(*Mr. Griffiths*): No, I am a British citizen.

939. You are a British citizen, but you represent an American Company?—Yes.

940. Now, we have had your two memoranda, perhaps I had better take them in the order of date?—(*Mr. Maxwell*): Might I make one correction on my statement? In paragraph 8 of the second memorandum, where I give the output of the various British film companies for the last eight years there is a figure to be corrected in regard to London Films. I have given them as five in the fifth year, three in the sixth year, two in the seventh year and two in the eighth year. That figure of two in the eighth year ought to be three. There was some little doubt, because one film was registered as being a joint production of London Films and Capitol Films, but London should get credit for that.

941. I think in your first memorandum you talk about some companies having to produce fifteen to eighteen feature pictures in one year?—Yes.

942. That is rather exceptional; from the figures that have been published I think only two go into that category?—Warner First National have to-day to get nineteen, and the next is Radio with seventeen.

943. But the rest all come below that?—Paramount is sixteen and Metro-Goldwyn-Mayer is sixteen. I have given them in paragraph 7 of the second memorandum of my statement.

944. Yes. Does this necessity to find British pictures to cover your quota requirements in fact result in keeping any good American pictures out?—No, undoubtedly not.

945. They all come here?—They all come in, yes.

946. So that when the exhibitors say they have a difficulty in fulfilling their quota requirements, it is merely the British end, that they do not get as many good British pictures as they would like?—Yes.

947. And an embarrassing choice of American pictures?—In some cases, yes.

948. And no good American picture is kept out by the present requirements?—No.

949. In the Board of Trade evidence—I think it is reprinted now in the Blue Book, we have been told that the United Artists' Corporation more than fulfil their quota requirements, they were able to produce twice as many British films as they were obliged to do?—Well, they do not produce any at all.

950. But they get them?—They were fortunate in being able, through the advantageous form of their structure, to get a number of British producers to give them the distribution of their British produced pictures. The United Artists' set-up lends itself to that kind of transaction. It was founded by Charlie Chaplin, Mary Pickford, Douglas Fairbanks and D. W. Griffiths many years ago as a distribution organisation for their own pictures, and it is still purely a distributing organisation. These artists were working then for the large producing companies like Paramount and the other American Companies, but they decided to separate themselves from their employers, and as they were wealthy they said, " We can make our own pictures, we have the money to do it, but we must have our own distributing organisation to get the best results ", so they set up this distributing organisation which was really a kind of co-operative organisation of famous artists to distribute their own pictures. That being so the number of pictures available to United Artists is never large, it varies according to the mood of their constituent members to produce pictures, and therefore they are always free to take other producers pictures and glad to do so if the pictures are of good quality. That is why they have more British pictures, because their set-up makes it easier and they have usually a small number of American pictures relative to the other American companies.

951. Do the London pictures find their market through United Artists?—Yes, through United Artists, and so do British and Dominions and a number of others. Their structure lends itself to assimilating artists from time to time and producers who will make new pictures for them. They have only a relatively small output of pictures from their American producers, being in this respect totally different from the other American renting Companies who have a regular annual output of about 50 pictures each from the parent concerns in Hollywood.

952. But it is American-controlled capital?—Yes, it is American-controlled capital.

953. And this American-controlled capital is marketing British pictures?—Some of the outstanding British pictures. Of course it is a very desirable thing for a British producer to get his distribution through United Artists, because in the first place they have not a very large number of pictures themselves, and therefore plenty of room to absorb more, and secondly the United Artists having a world-wide distribution—in America, Canada and everywhere—the British producer who gets his pictures through them is rather fortunate in getting a world-wide machine put at his disposal. It is also good business for United Artists, for as they make no advances and give no guarantees on these British pictures, they have no production risks, so all the British pictures they handle yield them profit.

954. (*Mr. Cameron*): I am right in thinking, am I not, that the United Artists is the only one of the big distributing organisations that has not got its own producing organisation?—Yes, United

Artists is a co-operative and distributing organisation of eminent artists and producers as its name bears. They formed this co-operative organisation to distribute pictures, and the constituent members do the producing at their own risk and expense.

955. (*Chairman*): That is the normal arrangement, the renting corporation is a subsidiary of the foreign producer?—Not exactly. If you take all the other members of K.R.S. who are handling foreign pictures, they are all allied by franchise or otherwise with an American producing company, which company, with its own money, makes about fifty pictures a year, Paramount, Fox, Warners, Metro, and so forth.

956. And why can they not do the same thing in the way of getting British films that this other corporation have done?—I think they would be very glad to do it, but their set-up makes it very difficult. In the first place, they have got fifty pictures of their own each year to handle, which is a large number. I think that is the only difficulty. Is there any other reason, Mr. Eckman? (*Mr. Eckman*): Yes.

957. The difficulty is they have got these American pictures?—(*Mr. Maxwell*): They are fully occupied with their own large output. I should say the main reason why the others cannot do as United Artists do is first of all they do not get the chance, and they would gladly do it if they had, and if you ask me why, I would say it is because the United Artists' co-operative structure lends itself to that kind of thing and the number of pictures they have to handle from America being much smaller than any of the other American companies they have more room to do it. Their sales forces have a margin of time and energy available for it. (*Mr. Eckman*): If I might just interject a word or two, the Company I represent has on many occasions made an attempt to get the better British films, but the British companies are reluctant to distribute through our agency because their attitude is that we have so many, if I may say so, outstanding films of our own, that we could not possibly lend our best efforts to the distribution of their films. That is their opinion regardless of what we may say to the contrary, whereas when they distribute through United Artists, and that company not being a producing company, they feel that one producer has just as much opportunity to get the best results as another.

958. (*Chairman*): I see.—Shall I put it in another way. They feel, and nothing we say to the contrary will disillusion them, that because most of the pictures we handle are our own we would necessarily lend our best efforts to the distribution of those films to the detriment of theirs.

959. They feel you would push the American pictures rather than the British, having no obligation to do other than offer the pictures but not to place them?—Yes.

960. But you have very large capital at your disposal?—Yes.

961. And have you made efforts to produce directly in this country any of these American producing companies?—It is definitely planned at the moment, but the reason we have not produced up to the present time is because it is so difficult to get the proper personnel. We are rather, wrongly or rightly, envious of the reputation we have established as producers throughout the world, and we have felt disinclined to produce over here until such time as we could produce here as well as we produce on the other side.

962. Is there anything in the existing law over here which would hamper you in producing?—Frankly I have not gone into that; I do not think the company has gone into that question. It is simply a question of available man-power, producers, directors and stars, that deters us, not capital or anything else. (*Mr. Maxwell*): Mr. Graham's Company have done some production over here some years ago; perhaps he might tell you whether any effort has been made to meet that point.

963. Could you tell us your experience briefly, Mr. Graham, whether you have given up attempting to produce, and why?—(*Mr. Graham*): We were the first producers in this country before there was any law; we were in the British industry at that time, and we were perhaps five years ahead of the time and we were spending a million pounds when we stuck. There was a loss of £600,000, and £300,000 of that money was put in by British people and we paid it back to them and it meant a loss.

964. What was the reason of the failure?—The reason of the failure was that we made these pictures in a period in the industry which had not advanced to its present status, in efficiency, in studios, and so forth, and after we finished those pictures and put hard work into them, the exhibitors said, "Well, we believe we had better take your other pictures," so we had to quit that. That was a period of three or four years before the present quota law was in force, and we did that entirely on our own.

965. Do you consider that these conditions have been modified?—Not the cost. There are many things that still affect it, of course. This was a partly-owned British company that had been formed here to produce British films, and because we saw we had taken them up the wrong street we paid them back all the money at 6 per cent. and took the loss.

966. But you were careful to tell us that the British industry was much less efficient?—After the quota law was put into effect we took a stage, and we began to bring personnel here as much as we could under the restrictions of the law, and we produced in one year pictures ranging in cost from £30,000 to about £70,000. I think those were the figures, and we lost money on that, on the whole lot, and we had to stop. Korda got his start with us; he made one picture which did very well, and that was the picture which enabled him to get his capital.

967. You brought over your directing personnel for the pictures?—We hired some here, but mostly we brought it over, but of course we had to produce under the law in order to make British pictures.

968. Quite, 75 per cent. British?—That one year we did eight pictures, and then we found it did not pay, that it was a big loss, and it was heavier on us than our capital would stand, so we dropped down to a lower grade of picture in price, because the law was going up in quantity.

969. Well, in your original memorandum you suggest that five or six feature pictures in the year would be a reasonable number to produce?—(*Mr. Maxwell*): Yes.

970. That is for every company?—For each of these companies.

971. Irrespective of size?—Well, they are all about the same size. They all turn out about 50 pictures a year in America and import that number into this country.

972. Would there not be a big outcry as to inequity if you departed from the basis of the requirements being in proportion to the scale of operation?—I am not suggesting that that should be departed from. It is a matter of readjusting the percentage; in other words, it would be a 10 per cent. quota on the basis I suggest. I have talked of number of pictures, as that is the most realistic and understandable way of stating it.

973. It would be an average of six?—Yes.

974. Would you still keep it proportionate?—Each company would do five or six, or four, according to its import of pictures from Hollywood.

975. You do not mean a flat rate of six all round?—No, it would be translated into a percentage of pictures imported, the figure of five or six being, according to my experience, as many pictures as

can be produced by a distributing company in those circumstances and make really good pictures.

976. But it is not a matter of money, the bigger company's profits?—No, it is not a matter of money. These companies have all plenty of money. It is a matter of being able to organise and secure the creative artistic talent that is necessary for the making of good pictures.

977. But is not there the same limiting factor in America?—No, because America, I should say offhand, has got a reservoir of talent, ten times as big as we have got in London. When I say " talent " I mean talent for making pictures. When you look at the figures in paragraph 8 of the second memorandum you will see the best illustration of what I mean. There you have got the output of London Films. In that case you have got a very experienced and able man at the head of it, Mr. Korda, who has been an expert in making pictures to my knowledge for 15 years, it is his life's work and occupies him night and day. He has got unlimited financial resources, and owing to his prestige he has got the pull on any talent that can be got in any part of the world, but his output was three pictures last year, two the year before, two the year before and five the year before, and that is out of probably nine or 10 pictures that he announced his intention of making, but with all his resources he could only make that small number. When you seek to impose on a busy distributor like Mr. Eckman or Mr. Graham the making of 16 or 18 pictures a year, the pictures cannot be well made and it is an impossible burden. If you are content to have cheap pieces of rubbish you might get that number, but they cannot do it and make really good pictures. My own company made 14 last year, and we had the greatest difficulty in getting enough skilled personnel, although with us it is a whole-time occupation and with plenty of capital. It is our aim and effort to make a large output of British pictures, but owing to the limitations of the personnel necessary we were only able to make 14.

978. You say that if the obligation upon you were reduced so as to be in your opinion workable, you would comply with any stipulation about cost?—Yes.

979. What do you consider to be a reasonable cost to produce a worth-while picture?—Well, I am not under an obligation myself to make any quota pictures, because our pictures are all British and all quota. I am only speaking on behalf of the American members, and I am only trying to put their case as it appears to me as an experienced neutral, if you like to use that term. The amount of money they are prepared to spend on making really good pictures, if they are asked to do it on a practicable scale, is anywhere from £30,000, £40,000 or £50,000 per picture.

980. What does it work out to per foot in the opinion of your organisation?—If they spend £50,000 it works out at about £7 a foot.

981. The quickies are sometimes produced as low as 15s. per foot, we have been told?—Yes. (*Mr. Graham*): That is the footage, that is because of the demands for footage under the law. If we were allowed to spend money on a reasonable amount of pictures, instead of having to go to eighteen pictures, as I am making now, you would get some pictures that would be worth-while for your theatres.

982. You do not propose to spend more money on making more pictures, but you propose to spend the same amount of money . . . ?—Intelligently.

983. . . . on better pictures?—Yes. (*Mr. Maxwell*): They might even spend more money, because if they go out to spend anything like the money I am talking about, £40,000 or £50,000, as business men they must make that picture so good that it will be fit to go through the whole of their world organisation in order to get their money back, therefore they may have to spend more, they may not stop at £40,000 or £50,000 or even £60,000, they must make a picture that is good enough to go throughout the world, for there is no certainty of getting that kind of money back from this country alone.

984. Are they proposing to spend more money on the same pictures, or more money on fewer pictures? About the same or possibly more money on fewer pictures.

985. Can you give us any idea as to what basis can fairly be taken as qualifying a picture on the grounds of cost for quota if that method were adopted. Some witnesses have urged it, and have made suggestions as to what cost per foot should be taken as automatic qualification?—There has been a scheme already considered by the Advisory Committee, which I think is a pretty good practical scheme, and that is to fix a minimum standard say of £15,000 for any picture to comply with quota, and then if double or more than double that amount is spent on the picture to count it as two for quota.

986. But do you think that good pictures can be produced for £15,000?—Oh, undoubtedly. I know because I have done it. (*Mr. Griffiths*): We have done so.

987. Then the last point of your second memorandum, the last paragraph seems to me to suggest that if the quality of pictures is improved and the volume remains the same it is going to hit the native British producers?—(*Mr. Maxwell*): If that were possible to get such a large number of pictures and all of good quality; I do not think it is possible, of course.

988. But it would only hit the bad pictures?—No, it would hit the British producer who is producing good pictures.

989. There would be more competition?—As I put it earlier on, this large number of pictures—I think it is 104 or 111, that are produced for quota at the moment by these American companies so far have been negligible as competitors with us, the native British producers. They have been so bad that they did not compete with us, but if it were conceivable that the same number of pictures should be produced on a really good scale, as really worth-while pictures, that would be 111 new pictures as new competitors on the market so far as we were concerned, and it would be a rather disastrous thing.

990. It would rather depend on the level of the quota, and we have been told by the exhibitors that they have great difficulty in filling their programmes to comply with the quota?—Yes, in some few cases.

991. So that it would be a difference of interest between the producer and the exhibitor?—Yes, naturally the exhibitor wants the largest possible number to pick from.

992. That the good producer ought not to be hit?—It is only the exhibitor in some places who has difficulty in getting his quota. In some places they undoubtedly have difficulty. I do not think the bulk of them have real difficulty in getting the quota because you must remember that the actual output of British pictures is according to the Board of Trade figures, page 7, Table D of the Blue Book, fifty per cent. higher than the statutory requirement last year. When the point is made that the exhibitor at present is playing more than his statutory percentage that is probably quite true but the real fact is that he is playing considerably less than the statutory percentage of the British pictures that are produced. There is a number of between 80 and 90 British pictures produced each year that are not produced for quota purposes at all, like my own company's output; we make pictures because we want to make them, and we believe it is worth while making them. We do not make them because we have an American output of pictures. Therefore they are surplus to what the law requires for quota. As a matter of percentage I think the Board of Trade figure is that instead of there being 20 per cent. there is 30 per cent. of British pictures available to the exhibitor? (*Mr. Graham*): May I add that we find ourselves in the position where our

quota pictures cannot be distributed abroad, they are not good enough. If we could make fewer pictures and spend more money on them we should give those pictures the benefit of our world organisation in distribution. Whether that would be of any benefit or not to the British Empire it is not for me to say, but I think it would, and the pictures that are made now never get outside the country.

993. Yes, your argument that the producer would be injured by a larger output of good British pictures would rather depend on the price. If the exhibitor pays more for a good picture than he does for a bad picture the producer will get it back?—Not quite—that is hardly the criterion. The point is that there are only so many play-dates available in the country. There are a certain number of theatres, and each theatre has got 52 play-dates if it has a weekly programme, or 104 play-dates if it changes its programme mid-week. If there are an extra hundred or so pictures thrown on the market which are going to compete with us, i.e., if they are good marketable pictures instead of "quickies" as hitherto, then there is going to be double the competition that there has been in the past for the available play-dates. The exhibitor pays for a picture a percentage of his Box Office takings, and if you get the play-dates the money comes, but if you do not get the play-dates you cannot get the money.

994. (*Chairman*): Thank you.

995. (*The Hon. Eleanor Plumer*): In your first memorandum your recommendation really amounts to this, a reduction in renters' quota?—Yes.

996. What would happen if there were no renters' quota?—Well, speaking from the producers' point of view, and from the Renters' Society point of view, we would have no objection.

997. No, I do not imagine you would?—Some British producers would, but in my own case I would not mind for we can use all our studio space for our own productions. Probably the deputation you had from the F.B.I. would, because they are mostly people who have got studios to let, and they want to let them and if possible get compulsory tenants by statutory necessity. Your real trouble would come from the exhibitors, who would squeal. They would say, "You are putting a burden on us, and you have taken no definite steps to ensure that we shall be able to carry out the burden you have imposed on us," and probably they would argue further that in a court of law a contract that was impossible of performance was not enforced, and that an even higher duty rested on the legislature to see that a burden is not imposed which is incapable of being carried out.

998. So that you think really, in equity, the two go together?—I am afraid, much as I should like to, I cannot see any other answer to that question. It was considered very carefully by the Trade with Sir Philip Cunliffe-Lister in 1927, when we were considering the framework of the Act, and that was the basis of the discussion then.

999. And your experience of the working of the Act would bear that out?—Undoubtedly, that is part of the complaint now, that 50 per cent. of the pictures that are available to-day are so bad that they cannot use them. In other words they say, "The law is a dead letter; the law has put the burden on us, but the machinery it created to deliver the goods to us is not working, it is delivering goods which we cannot use." (*Mr. Graham*): My point was that the law put that burden on the foreigner only, so whatever your law is you have a duplication. You have got the situation that the foreigner was first making pictures, and the British producer looks round and sees something in this business and goes into it of his own volition and makes pictures, and you do not put him under the law, you cannot require anything from him, but you have to require only from the foreigner, so you get a duplication.

1000. Yes, I see your point. Then in paragraph (*b*) you say, assuming "that this modified number of pictures are produced under conditions as to cost and otherwise that will ensure their being effective": well, we have been discussing the question of cost, but what conditions and safeguards come under "otherwise"?—(*Mr. Maxwell*): I am afraid it is a terminological exuberance.

1001. I rather thought so. Then turning to your statement of evidence, Mr. Maxwell, you speak in paragraph 5 of the second memorandum about the inadequate supply of skilled personnel?—Yes.

1002. That is a real difficulty?—It is very serious. That is the creative talent that precedes the actual "shooting," that is the photographing of the picture in the studio. The people we want for that are, first of all, a producer, the man who organises the details of the production, approves of the story, gets the scenario prepared, etc. We also want a director, or even before the director we want scenario writers. That is our biggest difficulty in this country, to get people who can write scenarios, bearing in mind that until 1927 there was little occupation for such people, and therefore assuming no occupation they do not exist, and they did not exist, and we have had to find and train them, and we have had to go slowly on account of that. I know, I speak from experience, because I have been working on production in this country since 1927, and keeping up a large annual output of pictures. We have had to go along slowly, and we find it difficult to get a supply of personnel, writers particularly, who can write for the screen. It is no use telling me, "Mr. So-and-so is a playwright", or "Mr. So-and-so is an author" ; that does not meet the problem. He must have the peculiar talent of being able to tell stories in terms of pictures on a screen, to make drama in the terms of pictures, not to make drama in terms of words. Good directors who can take the scenario and dramatise it on the floor with actors, are also difficult to get. We have a number, but not a sufficient number. Of all those who are tried out some have succeeded and are working to-day, others have been scrapped to go back to where they were before, and it is a matter of trial and error, but we have not got sufficient of them. Even in Hollywood with their experience of thirty years that is still their major problem, to get the people who can create things for the screen, the writers, the producers, and the directors, and in a minor degree the actors, but we have usually plenty of actors.

1003. I see in your memorandum you do not mention any question of shorts at all. We have had a good deal of evidence about that?—No, we, of course, are mainly concerned with feature length pictures. Shorts, as you probably know, have not been of much moment in this country, although I can speak personally with some knowledge of shorts. I put it this way, that we have been the whole time devoted to trying to solve the major problem of making feature pictures, which are the most important things for the maintenance of the theatres and the most likely to yield your money back. I have some knowledge of shorts because I took over a company, the British Instructional, that had been making these for years and was financially a failure. For a year or two after we took it over we continued to make shorts, all these Secrets of Nature about the "Love-life of a beetle" and that sort of stuff, but we found we lost money on them, the general public unfortunately did not seem to be interested or got tired of them, and we had to give it up.

1004. Would that be partly due to the development of the two-feature programme?—Yes, we found in the silent picture days when the two-feature programme was not so common there was a distinct niche which the shorts filled, but the two-feature programme had a definite effect in leaving very little room for anything else in the programme except the news reel.

1005. And there is a definite shortage of British shorts at the moment?—Yes.

1006. Would you favour the registration of certain shorts which are at present non-registrable?—Yes, again, from my own point of view I should not mind. In this case also your kick would come from the exhibitor who would tell you that you were depriving him of his birthright, which is to get pictures to meet his quota obligations that are really entertainment. You see, the provision in the Act about excluding certain kinds of shorts from ranking as quota was really so that it would not be possible for renters who required quota to acquire shorts that were not really of any entertainment value, and use those in order to comply with the quota requirements. (*Mr. Graham*): We can register a feature against shorts and features.

1007. Yes, I know that?—We can register shorts against shorts. I made shorts in one year and applied them.

1008. Yes. One last point. We have had a good deal of evidence on the subject of advance booking and blind booking, and so on. Is it a true statement to say that the clauses in the Act dealing with advance booking have been ineffective?—(Mr. *Maxwell*): No. I should think there are some advance understandings that are entered into, but not translated into contracts, verbal understandings, when, let us say, a renter has got a very good picture and the exhibitor wants it, and the renter says, " I am having half a dozen others coming along. I expect you to take these if you take this one." There may be a verbal arrangement of that kind, but British renters are as guilty of that as American, whenever they have a picture good enough to justify it.

1009. I was not suggesting they were not?—There is something in it, but, of course, it is not serious. It is illegal, in the first place, so it cannot be a binding contract under the Act. At the most it would be an honourable understanding, but I suppose an exhibitor who made it, if he did not want to carry it out, would have no compunction about refusing to recognise it.

1010. Would you say that that part of the Act was unenforceable?—Not at all; it is just one of those things that I think no legislation can counter. You might make it so that I was not allowed by law to buy a sweepstake ticket for the Irish Sweep, but if I care to do it in the privacy of my smoking room who is to stop me?

1011. Would you suggest that those clauses of the Act should come out in any revision?—No, I think they are most valuable clauses. If anything can be done to strengthen them, let it be done.—(*Mr.* Graham): You refer to the six months' advance booking?

1012. Yes.—Oh, yes, everybody follows that; six months from yesterday we sign and make a contract, but six months from to-morrow we do not.

1013. We have heard a certain amount about the " gentlemen's agreement "?—(*Mr. Maxwell*): Yes, I think that is a trifling thing which will always exist in any business.

1014. (*The Hon. Eleanor Plumer*): I see. Well, that is all, thank you.

1015. (*Mr. Cameron*): I take it, Mr. Maxwell, that your case, in effect, is this, reduce the amount of the renters' quota to manageable proportions and we will then get films made that are worth while and will do justice to the British film industry?—Yes.

1016. It would follow from that, would it not, from what you said just now, there would have to be a corresponding reduction in the exhibitors' quota?—Yes.

1017. Would you agree that the surplus already mentioned of British pictures not produced for quota and available to exhibitors are mainly available to the exhibitors in association with your company, or Gaumont-British, the bigger companies rather than the individual exhibitors?—I quite agree there is some point in that. Let me put it in this way—which will give you the answer. A successful picture, to be a successful British picture, has got to get about 1,500 playdates or bookings, and in fact does. The most I can give it in my own theatres is about 200, so obviously the other 1,300 playdates have got to come from independent exhibitors, and that is a very large proportion over 80 per cent. from outside our own circuit.

1018. But yours are first-run bookings?—They may be more valuable financially, but that is hardly relevant to the question of availability of supply to independent exhibitors. There must be at least 1,300 playdates from other exhibitors, and the same proportion applies roughly to Gaumont-British, the only other combination of film producer and cinema circuit.

1019. Yes. You made 14 pictures last year?—Yes.

1020. Those were all intended as first-feature pictures?—Yes.

1021. And is not that true of most of the British-made pictures appearing in your list?—Yes, they are all, as I say, people who are making pictures for the sake of making them, not for quota purposes.

1022. But many of the American-made pictures coming in are pictures made in America as programme pictures rather than as first-features?—Yes, there are some undoubtedly. They have what they call Grade B features there, and you have also got some independent producers in Hollywood, not the major producing companies; their pictures are usually second features, yes.

1023. May there not be—I am not suggesting there is, I am only asking the question—in the future a need for pictures made for the smaller houses, made deliberately as second-feature pictures, but as a genuine contribution to the production of the country and not simply to fulfil the quota?—The luck of the game will always provide second features, because if I make 14, probably not more than 10, or it may be only seven, will be really first-features, the others will have to be graded as second-features, and that is how it works now. Nobody can make good features all the time, in fact it would be a very high batting average if I could score 10 out of 14.

1024. So if the country sticks to the two-feature programme, the second-features will be recruited, so to speak, from among the failures in the first-features rather than from among a special class of picture?—Yes.

1025. Then one other point; if your recommendation were adopted, it would mean an expansion of a tendency becoming evident to-day for a greater link-up of capital between Great Britain and the United States, would it not?—I do not think so.

1026. I mean on the United Artists' principle?—No, it would not.

1027. It would mean interavailability?—It would mean that some of the money that is going to America at the moment, or being retained to go into quota quickies, would be retained here a little longer, or on a larger scale, for making better pictures here.

1028. But would it not mean that an American company making a picture in England, on your basis of spending £30,000 on it, would want to get that picture into America, just as you would want to get your picture into America?—Certainly, yes.

1029. But would it be desirable in your opinion that there should be a greater link-up to facilitate British-made pictures getting into America?—I think that would be a great advantage. These bigger and better pictures that would be made by American companies would not go only into America, but would go throughout the whole world, because they would be made on a scale which would justify it and it would be the only way to get the larger money back.

1030. And your ordinary British pictures would benefit by that?—Yes, these better pictures going throughout the world would benefit us, because people seeing them in foreign countries would say, " There are apparently good British pictures to be had; let us go over to London and buy some."

1031. That is a logical amplification of your case?—Yes.

(*Mr. Graham*): In our business we have to turn out a picture for quota every three weeks, and that is ridiculous to start with. Now, those pictures have no more chance of getting into America than I have to jump across the Atlantic Ocean, but if I made four pictures and spent the same amount of money on them I should have a market where they could absorb them to an extent of the proportion of their cost. That is the whole thing we are driving at. We are not trying to say we should not spend money here if the Government says so, but we say let us spend it intelligently.

1032. Yes, and then, Mr. Maxwell, one other question which occurs towards the end of the first of your memoranda, you talk about the need for more technicians, and so on, which I think we all appreciate?—(*Mr. Maxwell*): Not so much technicians. I do not mean sound recordists, cameramen and other mechanical workers.

1033. No, I mean the brains?—Creative brains.

1034. Yes. I quite agree. Now, you suggest that if 15 good pictures had to be made instead of 15 quickies, these brains would not be available. Now, do you go on to say that if you and your colleagues are making British pictures in the ordinary sense, and had to expand your operations considerably you would feel the same difficulty?—Yes, I have felt it continuously, that is why I slowed down. I used to make 20; one year I went out boldly and made 30, but I found I had not got the personnel, and it was a flop, and I stopped it because the creative talent was not there.

1035. Would you agree that as it is important for the quality of British-made pictures to be kept up production should not expand too quickly? Is that a corollary of what you say?—Yes, absolutely.

1036. In effect genuine British production is now working at full stretch?—It is over full stretch now, because owing to the plethora of money in the City we have had a great rush of people making pictures, mostly emigrés from Germany and Austria, who have been able to get a great deal of money in the City, and they are making pictures so rapidly that I have to mark time. At the present moment I have shut my studio for three months because, as I have said, there are so many pictures being made that I am not getting enough personnel, and I have had to close down for a while.

1037. Too great encouragement for more people to go and do likewise might have had a bad effect in the long run on the British film industry, because it would mean a lot of hurriedly produced pictures which, though they were genuinely intended for features, were productions little better than quickies?—If they are hurried they cannot be better than quickies. (*Mr. Eckman*): And a lot of them are unintelligently made. Money is necessary, as we all know, to make films, but even more than money is necessary, the creative brains are necessary. As an example, in America we set out at the beginning of every season by announcing that we will make 52 pictures during the ensuing year. Now, rarely have we made more than 45, and usually it is somewhere around 40, notwithstanding the fact that we maintain a personnel in our studios out in California consisting of some 20 producers, some 19 directors, 100 writers, 20 stars, 75 feature players, and so on, a permanent personnel in all branches of some 2,500 or 3,000 people, and we spend as much, we never spend less than £40,000 or £50,000 on a film, and occasionally it will run up to £500,000, and we find it utterly impossible to turn out more than 40 odd pictures a year.

1038. I appreciate that. Do you find, Mr. Eckman, that the field of shorts is a good training ground for brains?—No, as a matter of fact we had an associated studio that was making shorts for us, and because of the vogue for the double feature throughout the world, not only in Great Britain, it has become commercially impossible to make them, and that studio has recently converted its policy to the making of feature films also; with the exception of outstanding shorts of which there are only two or three categories, the market for shorts throughout the world is diminishing all the time.

1039. You think, then, that the two-feature programmes have come to stay?—I think so. Personally I have been opposed to it for a long time, but definitely it appears, as far as one can judge at the present time, that it has come to stay.

1040. (*Mr. Cameron*): Thank you.

1041. (*Dr. Mallon*): Mr. Maxwell, it is important for us that we should be as clear as possible about the facts.—(*Mr. Maxwell*): Yes.

1042. Have you told us that the outcome of the present system is that it leads to the renters producing or causing to be produced films about which it is not an exaggeration to say that the majority are worthless?—Yes, that is true.

1043. And have you also told us that to some extent those who produce or cause to be produced films of that kind can impose them on the exhibitor through the process, through the operation, of a verbal agreement?—No, I did not tell you that at all. I should say that the renters who have such quota pictures—I am speaking from my own experience—rarely attempt to impose them on the exhibitor at all. I think they are rather ashamed of the pictures themselves, and they do not have the nerve to insist on the exhibitor taking them. If the exhibitor wants them because he is short of quota he will get them, but I have never met a case of a renter insisting on his exhibitor taking the poor pictures. What I was talking about was the big American pictures that are sometimes used as leverage to sell poorer American pictures.

1044. Yes, but has he any alternative? He has certain pictures which represent the English quota which he must set against his American pictures?—Yes?

1045. Has he any alternative but to say to the exhibitor, " If you have my good American picture you must take also these inferior British pictures "?—Of course there is an alternative. His alternative is to offer the picture to the exhibitor, and if the exhibitor does not want it he need not press it on him. His alternative is to put it on his list of pictures for sale, and if the exhibitor says, " No, I do not want it, it is not good enough," he does not insist or press it on him. Mr. Graham tells me his company hold about £100,000 a year, being the difference between what his quota pictures cost him and what he realises out of them. So it does not look as if he forced their sale.

1046. That would mean he would sell his American pictures where he could not sell quota pictures?—Yes. He will not be able to sell them for as good money, but he will sell them to some extent because there are some exhibitors who are forced to play these poor pictures in order to comply with the law.

1047. Then does not this unsatisfactory position arise, that the American renter has good American pictures and bad English pictures, and he says to the English exhibitor, " You must take these bad pictures against the good American pictures ", or he does not sell any English pictures at all to the exhibitor?—No, his sale of quota pictures will be very limited indeed, but there is still a market, a meagre one, amongst the people who have got to take them by *force majeure*, as it were. I am sure the Board of Trade figures will show that the number of playdates got on " quickies " is very small.

1048. Looking at it from the point of view of the exhibitor, is he not, as you put it to us, in the position either that he has to take these pictures which are very bad——?—Yes?

1049. Or fail to obey the law?—No, not always. There may be other good British pictures available to him, not from that renter at all. There are many other renters who have got British pictures which may be quite satisfactory pictures. Companies like mine could not do the business we are doing in British pictures if it were that no exhibitors took them who also took American pictures from American renters.

1050. Yes, but the quota consideration in the Act could not be carried out?—Why not?

1051. If there were not a substantial production of British pictures by or through American renters?—Yes, granted in some exceptional cases.

1052. I mean, you may not produce them, but they must be produced?—Yes.

1053. Then if these renters produce or cause to be produced these pictures, the exhibitor cannot avoid the dilemma which I have suggested?—No.

1054. What does he do?—As I have mentioned already, in addition to the pictures that are produced for quota for American renters, which are often undesirable pictures, there are a very large number of other British pictures produced which are not produced for purposes of quota at all, and are available for exhibitors to use for purposes of quota. That is why I say that this argument about the exhibitor playing a lot more than the statutory percentage is quite fallacious because he has available to him 50 per cent. more than the quota law requirement, and therefore he has got that extra number to work on.

1055. I think you did say that you would agree as regards certain exhibitors there was difficulty, even allowing for the fact of this 50 per cent. of surplus pictures——?—Yes, but it is not general.

1056. Yes, but that must mean, must it not, that for a great many exhibitors there is a very real difficulty in that they cannot get good quota pictures, and the explanation of their inability to get the number of good pictures which they require is the production of bad pictures?—Yes, but I say it is not universal, there are many cases but it is not universal. (*Mr. Eckman*): That, if I may say so, is more due to highly competitive conditions in certain areas than it is to the shortage of pictures as such. In other words it is almost safe to say generally that that same exhibitor who has a difficulty in finding good British films has that same difficulty in finding good foreign films also, because he is in such a highly competitive area, probably surrounded by theatres that are able to wield a greater purchasing power, and he finds himself more or less left in the lurch, not only for British films but for foreign films also.

1057. Yes. Well, I wanted to get it clear and I think it is now clear that the system as it exists does work in this way?—(*Mr. Graham*): The system as it now works is that the other half of British pictures that is made here, the British pictures not made for quota purposes and are the best pictures, take care of the quota business. Our half i.e., those made for quota pictures, lay in the offices largely unsold and unused.

1058. I follow?—So the other half takes care of the business and they run a longer time, and this and that. (*Mr. Maxwell*): He means the purely quota pictures do not get distribution or much circulation really. (*Mr. Graham*): And so you have a larger production of British films than you need have; if you made fewer pictures of better quality you would have plenty for the exhibitor.

1059. You have told us the trouble about the production in this country is the dearth of artistic quality. Would you expect that to be less serious over a period of years?—(*Mr. Maxwell*): Yes, I think every year we are increasing our reservoir of talent.

1060. And so the situation is better than it was in 1927?—Oh, yes, very greatly.

1061. Does it follow from that you would be prepared to contemplate an enlargement?—Yes, if it were gradual.

1062. Suppose that it were ten per cent. now, what do you suggest it might be in another seven years?—Well, another seven years, by that time you might have a British industry so well established and supplied with talent that you would not need a quota at all. It might function on its own merit and not require statutory protection at all. As a matter of fact when this Act was passed we never dreamed of the quota quickie. The Act shut up a hole where we thought shorts would get in to supply quota and said they must have special exhibition value. The quota quickie was a complete surprise. If we had thought of it then we might have found a means of remedying it.

1063. I should be very happy if we could contemplate a state of things in which no protection would be needed for the British film?—Personally, but it is entirely a personal opinion, I do not think we need it to-day. I think British production is well enough set to go right ahead. We have the money; we have the studios, and we are gradually creating the personnel. I may be a voice in the wilderness, but I think as a producer I can maintain myself and sell my pictures on their merit, and that with the especial appeal British pictures have for British audiences we can hold our own even in competition with the American picture that has cost five times mine. I did that before and I think I can do it again.

1064. I wondered why Mr. Graham had so quickly abandoned the struggle after the introduction of the quota. You said you made or were making pictures from £30,000 to £70,000 but had to give up manufacturing these pictures?—(*Mr. Graham*): We found we could not rent those pictures and strange things happen in these American offices, and I say it without any feeling. The British exhibitor has an idea in his head that he shows loyalty to this country by renting his British pictures from British offices, and he will go to another office and rent his British pictures preferably from mine; I do not know that it is absolutely true but it is true in our offices. We have a very high standard, and have had for years, and have a good sales organization and no difficulty in selling our goods.

1065. Yes, the pictures you made for £30,000 to £70,000 would have been good enough to take their chance in the market of the world?—(*Mr. Maxwell*): They would if they were made on more international subjects. At that time we thought that people wanted particularly British subjects, and we took stories of Lonsdale and different writers here which were particularly English and went to trouble to produce them and found at that time they were too English for American minds. The "Service for Ladies" was not British; it was laid in Austria. I am speaking of the story, and that is why the stuff did not go over there. We picked very English stories, at first.

1066. I find it difficult to see why you have not been able to find on the one hand stories which are good both for British and foreign markets and to produce these in preference to the inferior films which are being produced. As you told us when you made better films you had the world market?—I have not that much money. That would break us now that we are required to have so many pictures.

1067. That applies to the other great Corporations?—(*Mr. Graham*): It would keep them busy if they made that quantity. Mr. Maxwell made 14 and saw he was making them a little too much. He was making them with British capital and not having to make American pictures either. (*Mr. Maxwell*): I did it as a whole time job. These quota pictures must be a part time job, in addition to distribution.

1068. (*Sir Arnold Wilson*): I do not wish to ask any further questions of Mr. Maxwell. The questions I have to ask refer especially to K.R.S. memorandum, and I should like to ask Mr. Eckman, who represents the American renter interests, and not Mr. Maxwell, who has explained himself to be a neutral observer in this matter.—(*Mr. Maxwell*): With the qualification I am seriously interested, because if the Act remains as it is and with the possible perpetuation of these quota quickies our financial interests are seriously affected by that. It so diminishes the prestige of British pictures; it seriously affects us.

1069. Take paragraph (*a*) of the first memorandum. May I ask on what grounds you base your statement that—

> ". . . the obligation put upon distributors of foreign films operating in this country under the Act as it exists to-day involving, as it does in some cases, the production of as many as 15 or 18 feature pictures in one year, is an obligation that is so heavy as to be practically impossible of effective performance and results in the present deplorable position. . . . ."

Your words are well weighed, and it is a very strong statement?—(*Mr. Eckman*): On the grounds I have already pointed out, the question of available personnel. We have definitely launched a production programme over here of four pictures to start with almost a year ago, and yet we have not been able to become organised simply because we have not been able either to engage the proper people here or to bring the proper people over from the other side for one reason or another, and as I have already said we are rather envious of the reputation we have established throughout the world and before we place our trademark on any picture we want to be absolutely certain it will be a worth while picture.

1070. The Board of Trade tell us that they have not in fact insisted unduly on the scenario writer being British-born for the purposes of quota. Has that been a difficulty?—No, because as a matter of fact we have a rather large number of British scenario writers engaged in Culver City.

1071. You have no trouble in getting foreign stars to work here so far as the Board of Trade or the Home Office are concerned?—Our trouble has been in finding a producer who could produce films for us, a director who could direct films for us commensurate with the quality which we have established.

1072. Do you regard the British market as a valuable one in which to release foreign films?—Unquestionably.

1073. Have you tried releasing other than American films here, German films for example?—No.

1074. I am told that in Paris German films are very popular, some of them had quite a remarkable success even in the last six months?—(*Mr. Maxwell*): You mean French versions of German films?

1075. Yes.—(*Mr. Eckman*): I have no jurisdiction over the continental market as far as my company is concerned.

1076. Have you seriously tried other than American films in this country? British versions of other than American films?—No, not except the British films which we acquire.

1077. You regard the British market as a valuable one in which to release American films?—Yes.

1078. What was your purpose in making, or causing to be made or procuring definitely and admittedly inferior British films for the purposes of quota?—I do not admit that. We have released films, British films, in some of which the producers have had a rather large investment, that have cost as much as £50,000, and yet those films have simply been proof of my statement that it is not money which makes films.

1079. Have you not been a leading exponent of the quota quickie?—I do not think so.

1080. It has been suggested in evidence here that you hoped to discredit British production by the extended use of the British quickie?—Well, I think if I knew who made those statements the laws of the land would protect me in that respect.

1081. It has been explained in evidence before us, and therefore it is privileged.—(*Mr. Maxwell*): But was Mr. Eckman's name mentioned?

1082. (*Chairman*): Perhaps Mr. Eckman misunderstood.

1083. (*Sir Arnold Wilson*): I am not referring to a particular individual, but to American renters generally. I asked you, as representing American renters?—(*Mr. Eckman*): I see.

1084. You do not admit American renters have been foremost in using the British quota quickie to fill up, and made rubbish for that purpose?—I admit I have discovered that based on production facilities spending £20,000 to £25,000 for a film made by the companies that want to make films for us are no better than the films for which we have spent £7,000 to £10,000. I have discovered that the companies that are willing to make films for us and that spend £20,000 to £25,000 to make them can make no better films than other companies who spend £7,000 to £10,000. They lack the ability even though they have the money, and even though we take them. It is a question of brains and ability. The best producers are Mr. Maxwell's, or Gaumont-British, or London Films, and they refuse to distribute through us. They feel the preponderance of our own films is so extensive that we could not lend our best efforts to the distribution of their films. I tried hard to convince them otherwise, but seemingly without avail.

1085. It has been represented to us that the American renters as a whole have made a business of evading the Act by having quota quickies as cheap as possible—well under two pounds a foot?—That is untrue. Mr. Griffiths here representing Warners First National Company can tell you how much money they have spent on British production in this country.

1086. It is common ground that the quickie is an abuse in the trade. If you are not responsible, and American renters are not responsible, who is?—(*Mr. Griffiths*): The law which compels such a large footage to be made makes it impossible to acquire such a large footage of quality.

1087. So that you have in fact used the very cheap British made quota quickie?—Not in my case. I have a studio that cost £200,000. I have spent nearly one million pounds over a period of years.

1088. Can we identify the people who have to a large extent exhibited notoriously bad films made for next to nothing?—Whoever acquired them had no other choice if that was all they could purchase.

1089. Are any of your American members connected with any of the West End London or provincial cinema theatres?—(*Mr. Eckman*): I am.

1090. It has been suggested to us that the British quota pictures have frequently been shown at times when the theatre is being cleaned, and at other moments calculated to throw discredit on the films at certain American controlled theatres?—As far as the house we own is concerned that has not been the case.

1091. Is the British film never shown at the time when the theatre is being cleaned?—Never. A British film at the Empire has never been shown at any other time than during the regular hours of exhibition, which are from ten in the morning to midnight.

1092. (*Chairman*): Is each programme the same, or is it a different programme at ten in the morning?—No.

1093. It is the production of the same programme throughout the day?—I do think that on one or two occasions on account of the length of the programme a film has been shown at two performances in the morning and not later in the day; but speaking for 90 per cent. to 99 per cent. of the playing time that British film has played throughout the day and on Sunday despite the limitations of Sunday exhibition in point of running time.

1094. (*Sir Arnold Wilson*): You definitely deny the validity of evidence to that effect?—That we have played films at hours when the theatre was closed? I definitely deny that.

1095. Both in regard to the Empire?—I do not speak in that regard for any other houses than the one over which I have jurisdiction.

1096. The rumour has never reached your ears?—Yes, just as I have heard we purposely and maliciously play bad British films at the Empire to discredit British films generally. And yet any producer, whether Mr. Maxwell, or Gaumont-British, or London Films will state—or should state—that I have made repeated efforts to get the best British films available, and have offered more money than most West End cinemas can pay; but most good British films are controlled by companies that have their own West End cinemas, and that being the case we have had no other alternative but to fall back to the less important films.

1097. Your view is the allegations made against the American renter of abuse are untrue?—Yes, I do say that.

1098. And has there been any difference of opinion in the K.R.S. in this matter as between the British and American representatives?—On the K.R.S.? I do not follow.

1099. Has there been any difference of opinion between the American and British representatives on the K.R.S. in regard to the use of quota quickies, or are you all in the same boat?—I do not believe that subject has ever come up for discussion on the K.R.S. (*Mr. Maxwell*): Do you mean in regard to the resolution itself, or these other matters?

1100. In regard to the misuse of the quota quickies, which is admittedly an abuse, whether it is due to the Act, as Mr. Griffiths suggests, or whether it is due to avoidable causes?—It was discussed when we framed that resolution, naturally, and that resolution was the considered opinion of all the members of the K.R.S.

1101. What is the proportion of British to American members?—I think it is eight to nine. (*Mr. Hill*): There are 24 members. (*Mr. Maxwell*): The list is given on page 24 of the Blue Book.

1102. Does that list at page 24, roughly speaking, represent the capital commitments, or is the British membership overweighted having regard to the actual amount of real capital?—Do you talk of K.R.S. or F.B.I.?

1103. K.R.S.?—Capital is hardly recognisable. A renting company is merely a service organisation—it requires little capital.

1104. Do you think the American representatives over American interests are over represented, under represented, or fairly represented on K.R.S.?—Fairly represented. Each company of any importance is invited to have a representative there, and all the American companies except Fox are members, and all the important British distributing companies are members.

1105. If Fox came in there would be absolute equality of representation?—(*Mr. Graham*): They were in until recently, but they had private interests of their own.

1106. I turn to paragraph (*b*) of the first memorandum:—

> "That in the opinion of the Council an obligation which calls upon distributors of foreign films to produce five or six feature pictures in the year, instead of the present number of 15 or 18, would more effectively serve the desired purpose of securing a reasonable supply of worth-while British pictures, provided always it is accompanied by safeguards that this modified number of pictures are produced under conditions as to cost and otherwise that will ensure their being effective and creditable British pictures."

Assuming the footage principle persists, the actual number of pictures needed to cover the required quota length does not arise?—(*Mr. Maxwell*): Footage is merely a translation of the number of pictures. It has to be on footage to be mathematically exact, to work out the law, but it really resolves itself into so many pictures. In other words, if you require to have 100,000 feet of British film it means in effect you have to have 14 to 16 British feature pictures.

1107. Your suggestion of five or six instead of the present 15 or 18 films means in fact you are advocating a reduction in the statutory percentage? That follows inescapably?—Yes. (*Mr. Graham*): It is 6,000 feet minimum. (*Mr. Maxwell*): It would work out at about 10 per cent., Sir Arnold, of the imported pictures.

1108. Who would get the greatest benefit from that, the British film industry or the American renter?—I think they would both benefit, but largely the British film industry.

1109. I should like to put that to Mr. Eckman. In fact, who would mainly benefit from the proposed reduction to 10 per cent., the American renter or the British film industry?—(*Mr. Eckman*): I think the entire industry regardless of distinction and Great Britain as a whole would benefit. Mr. Maxwell has explained the difficulty if not the impossibility of making more than a limited number of pictures at present and in the future, as far as one can foresee. If a lesser number and therefore more worth-while pictures were made, the British public would benefit and if I may be forgiven for saying so, have an even greater respect for British films. The British exhibitors would benefit because if a lesser number of pictures were made they in turn would undoubtedly be compelled to exhibit proportionately less films also. And again it must be assumed that they must necessarily be better films. The British producer would benefit because the present number of pictures that are being made creates intense competition, forcing prices to a level beyond economic reason on account of limited personnel in every branch. A smaller number of pictures and resultant decreased competition from companies distributing foreign films would help in that direction and yet just as much money and probably even more would be spent because the smaller number of pictures made by so-called foreign interests would be made in such a manner and at such cost as would necessitate their release throughout the entire world. This in turn would unquestionably help the world market for British pictures considerably. The only people who benefit from the present state of affairs are promoters who have erected studios for which they are seeking tenants, and "quickie" merchants who are interested only in turning out as much footage as they can, as cheaply as possible, to be sold for much more than it is worth so that the margin of profit enables them to thrive. And yet companies that are not engaged in production must perforce deal with these people there being no alternative. Practically every British producer has his own distributing company and, as already pointed out, distributors of foreign films are unable to engage in production on account of the number of films required of them and the limited available personnel to make them. Thus, if only five or six pictures of worth-while quality were made with all the necessary safeguards——

1110. What safeguards?—As to cost.

1111. Do you associate yourself or did you associate yourself with the Report of the Advisory Committee which Mr. Maxwell, subject to one or two reservations signed?—(*Mr. Maxwell*): Of course, he does not know its terms. (*Mr. Griffiths*): We have not seen the Advisory Committee Report.

1112. It was not published, but I understood that we had it printed in our first day's evidence. I am sorry. I thought it was printed.—(*Mr. Maxwell*):

If you would care to tell Mr. Eckman what it contains, you could get his views on it.

1113. The essence was a minimum cost basis per foot. Does that meet your views?—(*Mr. Eckman*): A minimum cost per foot?

1114. Yes.—Yes, a minimum cost per foot providing if more money were spent on any one film—say two or three times the minimum cost—that some credit should be devised and would be accorded the distributor for that.

1115. That is an extension of Mr. Maxwell's views?—(*Mr. Maxwell*): No. If I may say so, Sir Arnold, the report of the Advisory Committee drawn up under your guidance is the most intelligent and constructive effort that has been put forward to solve this terrible problem of the quota quickie. It is that there is a minimum cost that must be spent, but if a larger sum is spent credit would be given for the fact that such a larger sum was spent on the picture, and it would count as two. I think it would be fair to say also the quota percentage was to be 15 per cent., and that would obviously be reduced if an expensive picture were made that would count for two. It might come down to the figure I have suggested of 10 per cent. If it were 15 per cent. and all the pictures made cost £40,000 or over, it would come down to 7½ per cent.

1116. I wanted to know whether that scheme would in fact work out to be substantially the same figure as that mentioned in your evidence?—Yes, the K.R.S. proposal would carry out in a different way the Advisory Committee's Report.

1117. Have you any further safeguards which you can suggest?—I cannot think of anything, but cost, and if you like to tempt the donkey—if the phrase may be used—with a carrot, and to say, " if you are good and make expensive pictures we will allow you to make less pictures ".

1118. Would you agree that the task of the authorities when this legislation goes up for revision has been made doubly difficult by the past experience we have had of abuse and lack of goodwill in administering the present Act on the part of foreign renters?—I agree the situation has been rendered difficult by that, but on the other hand surveying the whole field, and with my experience of nearly ten years on this, I do not think they had any alternative in recent years. I still say a physically impossible burden was put upon them and I have given the illustration of one Company which has every possibility of making a lot of pictures and can only deliver two or three——

1119. My reading of the original Second Reading speech of Sir Philip Cunliffe-Lister in 1927, with whom you were associated, and in the current technical and general press, is that the Act of 1927 was in fact accepted by the foreign renters at that time without any serious reserves?—No, according to my recollection they were not consulted.

1120. With the firm intention of making it workable?—It was accepted as they must accept legislation if they are to trade in this country, but the foreign renters fought it in the House of Commons and all of us who were engaged in trying to devise this thing were aware it was experimental and it might not work and we were proceeding on a basis of trial and error. That I think was the reason for the ten years limitation.

1121. In this memorandum you say the foreign members of the K.R.S. have given emphatic assurances " they will whole-heartedly comply with the stipulations as to cost and otherwise necessary to ensure the production of worth while British pictures " if the obligation upon them is so reduced as to make it really workable. That is your deliberate opinion?—(*Mr. Eckman*): Yes.

1122. Will you indicate to this Committee what attitude will be adopted by those members representing foreign interests if the obligation in their opinion is not so reduced? You are good enough to make a promise you will obey the law if it is modified to suit you?—Whatever the law will be will quite naturally be obeyed.

1123. It is rather a pity that you should put in your evidence that if the obligation is reduced you will try to comply with the law?—If I may say so, I do not think that was the intention. Any member of the K.R.S., British or foreign—— (*Mr. Maxwell*): That was not the intention. I myself prepared the Resolution and after it was read over and agreed on, Mr. Eckman added that he and the other American renters were willing to give any assurances in their power of their bona fides, and that they really were serious in trying to deliver worth while pictures if the Act was altered to enable them to do it. I thought then that was a valuable contribution to the problem. I added it to the Resolution to keep a record of it. It is the first time the Americans have been able to say what they believe they really can do and will do in providing a supply of worth while British pictures. *They were never consulted before.*

1124. If the Act is not modified you will sit back?—Personally I will not blame them if they do, to be frank with you.

1125. There is still this question of blind booking and block booking. You told us that all members of the K.R.S. British and foreign found themselves equally involved in agreements?—In trying to sell ahead, yes.

1126. Is there any possibility of your agreeing amongst yourselves?—I think the whole thing is a storm in a teacup. These verbal agreements are not enforceable at law.

1127. If a renter refused to give effect to a gentlemen's agreement he would be very naturally boycotted and not invited to do business again?—The exhibitor, you mean?

1128. Yes.—I say that that is entirely wrong. My experience of the trade is that these differences commonly crop up but the people soon get together again although there may be a momentary annoyance, or a growl. The exigencies of business bring them together again and they very soon forget it. Although an exhibitor may promise to take a picture it is true to say when the time arrives to see it he may say—and often does say—" No, it is not good enough and I will not take it ".

1129. Gentlemen's agreements have not been unduly onerous on the exhibitors?—They are not enforceable under the Act, of course.

1130. Their existence in voluntary form has not been serious, and would you go further and say whatever the trade may be conditional advance undertakings to take goods is quite an inevitable concomitant of business?—Keeping in view the peculiar nature of the commodity. The film has no standard of value. One picture may be very good and the next five very mediocre, and the man who has a good one will try to get promises to take some of the others when they come along. I think it would happen in any business that had the same kind of commodity to trade in.

1131. There is another point on my notes here. We are not entitled to discuss wages or the treatment of staff in this Committee, and I do not wish to do so. But, it has been authoritatively represented to us that the staff in general are reasonably content with salaries, the electrical and general?—I should think they would be.

1132. But it seems to me, from personal inquiry, to depend largely on the amount of overtime, and if at any time you were to restrict your working to the regulation time you would have a very different state of affairs that would arise?—That is absolutely untrue. The electrical workers in studios are the best paid of all, so much so that one important official of the Electrical Trade Union said to me, " I wish I could leave my job at head office and work in your studio. I never got money like that ".

1133. That is high without reference to overtime?—Yes. The fixed amount apart from overtime. I say it is extortionately high.

1134. Extortion suggests there is a combine?—On the part of the Union, yes.

1135. On the part of the Union?—Yes, I think we are very badly treated. I have had reason to say so publicly. I have had conditions put to me by the Electrical Trade Union that would involve with overtime my paying a working man £40 a week.

1136. The development of the industry in this country may be handicapped by the key-men demanding extortionate wages?—It is handicapped by extortionate wages throughout the whole of the industry. I used to pay a cameraman £12 per week, and now I cannot get one under £40-£50 a week. Some of them get £100 a week. These foreign producers who have come over here get millions from Insurance companies to chuck about, and they do chuck it about, to make sure of it while it lasts and before the inevitable bankruptcy supervenes. We native British producers working with tight belts because we intend to continue in business and pay dividends to our shareholders suffer from this unreasonable competition.

1137. There is an unreasonable disproportion between this small industry and comparable wages in other forms of industry?—Yes, undoubtedly.

1138. To what extent is that true in Hollywood?—From what I do know of it, of course, there the business is more stabilised and they have the labour problem better in hand and disciplined than we have here. Ours has been a mushroom growth, especially in the last three years, and the labour people know they have the ball at their feet and take advantage of it. But in a year or two when Insurance companies learn sense we shall be able to do better and get the business stabilised on a basis of permanency.

1139. Is there more than one Insurance?—Yes. Groups of underwriters are doing it. What they are doing is this. They are not lending money directly on pictures. They are issuing Guarantee Policies to banks who give overdrafts, and that brings it within the ostensible purpose of insurance underwriting. If a man wants £50,000 they say " Go to such-and-such bank and they will give an overdraft of that amount and we will issue a policy guaranteeing that overdraft." The Bank take a mortgage charge on the picture and collect its proceeds and when in a year or two the loss (as it usually is) is ascertained, the Underwriters pay up the shortage to the Bank.

1140. This is a new form of inflation to me, and a very interesting one, and you suggest it is being specialised in from the point of view of the industry?—Yes, it is a regular thing for a man who wants to make a picture, to form a hundred-pound-Company for the purpose, to get a firm of Insurance brokers to fix up a loan for him on these lines.

1141. It comes to this, the plethora of cheap money due to over saving is actually having a bad effect upon the cinema industry?—Yes—in film production only by giving large sums to irresponsible and often inexperienced people who often spend it wastefully.

1142. And the average sum of 2s. 6d. per week which the working man is induced to pay to industrial assurance companies, actually helps to debauch your industry?—I might go further, and say the penny and twopence a week premium of the industrial workers may go, of course indirectly, in gambling in making films.

1143. Thank you, my Lord. I wish for no better evidence.

1144. (*Chairman*): There is only one point which we have not covered and that is the policy of the renters as it affects the exhibitors. We have been told it is a great hardship to the small independent exhibitors that the renters impose an embargo on the placing of their films to any combination of these small renters?—Yes.

1145. Could you usefully comment on that statement?—I can easily. The Renters' Society has for many years had a policy that it will not deal with what is called booking combines, that is to say where a man who has got several cinemas undertakes to book films for another man who has another group of cinemas. The renters say to these people when they thus combine to force down prices that that is a buyers' combine and that if it goes too far—and at one time there was a combine of a thousand cinemas threatened—renters will have to take what prices the buyers combine to give. Renters do not want to face it by a sellers' combine which they could form and would be the legitimate answer to maintain price levels. Instead of renters grouping together to form a sellers' combine to fix and maintain prices, they refuse to recognise the buyers' combines and insist on trading direct with the individual units composing it as formerly. Renters attack the disease at its roots before it can grow instead of letting it develop into a disastrous war between a buyers' combine on the one hand and a sellers' combine on the other.

1146. This controversy is rather one of finance than any necessary effort of the exhibitors to get a place in the sun to get a fair share of good films?—The exhibitors want the right to combine to any extent they like to force down prices. Renters say, " No, we will stop your combines before they start," because if they get away with it we shall have to form a ring and regulate the prices at which we will sell to them.

1147. The other aspect of this matter brought to this Committee is without some combination among independent exhibitors it is difficult for the smaller people to get a fair share of good films where there are six theatres in one area all tapping the same public the smaller people do not get any real opportunity of good material?—That is an exaggeration of course. No doubt—as in all business—the bigger groups with millions of capital in their properties have a larger buying power and expect to get a little better price because they are buying as wholesalers, and that is the grievance, of course. The smaller man says " I cannot buy as cheaply or have the same choice as that man with big capital "—but I have given figures to show how small it really is, and that the average number of theatres where a film is shown is 1,500, and of that 200 only are circuit bookings. My evidence here is somewhat in contradiction of F.B.I., and I should like to add I am not in any way departing from anything I am committed to. I have a letter from Mr. Neville Kearney—because I asked " Am I entitled to go to this Committee and frankly give them my views? "—and he replied that I was. There was a mis-statement made in regard to the position of the two dissentient companies, the Gaumont-British and my own company. It was suggested our investment in the film production business was about a seventh of the total of the F.B.I. I would like to point out that was based on an erroneous assumption that the 215 pictures made in this country last year were all made by members of the F.B.I. Actually probably not more than half of the 215 were made by F.B.I. members and therefore the proportion given is completely wrong.

1148. Where was this mis-statement made?—It was in the evidence of Mr. Loudou, where it is said the proportion of the dissentient companies was a seventh in regard to our production position. I venture to suggest that in regard to money permanently invested in production the two dissentient companies have at least double the whole of the other F.B.I. companies put together.

1149. Gentlemen, we are very much obliged to you for your evidence.

(*The Witnesses withdrew.*)

SIXTH DAY

Tuesday, 30th June (Morning Session)

Present:

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. S. Rowson called and examined.

The Committee had before them the following memorandum by Mr. S. Rowson, who desired that the recommendations made in an earlier memorandum dated July, 1932*, should be regarded as additional to those now made:—

1. My experience of the film business dates from 1910. Since that time I have been actively interested in exhibition, production and distribution, and a close student of the many problems affecting either sectional or inter-sectional interests in the trade. Some of these problems were without parallel in any other industry known to me, and others called for entirely novel solutions. I was president of the Kinematograph Renters' Society in 1926 and took an active part in the deliberations and negotiations that preceded the passing of the Films Act. I was an executive member of the British National Film League in 1923, a member of the Films Act Advisory Committee from 1927 until my resignation in 1933, president of the British Kinematograph Society since its inception in 1929, and chairman of the Entertainment Panel of the British Film Institute since the commencement. Having regard to this record I am assuming that you would prefer that the evidence I proffer to the Committee should be from the point of view, not of one advocating any sectional interest, but rather from the point of view of the trade as a whole and, occasionally perhaps, from the point of view of the general public.

2. I take the liberty of reminding the Committee, although it is probably fully apprised of the fact, that the film is primarily an article of commerce. From the day, now over 40 years ago, when the public was first permitted to view the startling novelty of " pictures in motion " commercial consideration alone has been responsible for the continuous progress, the steady expansion and the extraordinary development to which the industry bears ample witness to-day. The world at large, and the best informed public opinion in particular, readily acknowledge the merit and public value of this new contribution to the people's amenities; and the present achievement is such that the finger of reproach is now lowered, and the voice of criticism is now stilled—in eloquent contrast to the experience of but a few years ago.

3. It is conceivable, of course, that the cinema might have developed in the same way as broadcasting. Commercial interests would in that case have been confined to the sale of apparatus of various kinds, and a quasi-public authority would have supplied the programmes. Had this been the case, there is no room for doubt that the development would have been along totally different lines, and none of those lines would have led to the cinema with which we are all familiar. Instruction and non-entertainment would have been the dominating principle of the programmes, and the devotees would have been numbered by thousands instead of millions. Chaplin, Disney, Garbo, Shearer, Laughton would probably have been names unknown, whilst the great mass of pleasure which millions of people of all classes throughout the world have felt would not have been experienced. The guiding conception of all those who have been responsible for its development is the same as was described by the late Mr. Henry Labouchere in connection with the novel: It is not intended to instruct or improve—only to amuse!

4. I stress this concept in order to explain the known consequences of the commercialised system under which the development has taken place. If there be any who think that the non-commercial film of every kind has been sacrificed I can only urge they are mistaken. There is much greater likelihood that —for want of a better term—what I call the " intellectual " film has a better chance of being realised now than ever it did. The instruments, technique, experience—all of these the culmination of exceptionally costly research—are now freely available for the making of educational and other similar films. They might not be available, and certainly no further technical progress would be possible, if the commercial aspect of the business was ever lost sight of. As it is we may expect with confidence the increasing use of films for education, scientific research, medical instruction, military surveys, political and social propaganda, advertising and industrial salesmanship.

5. Commercial success is measured by the number of admissions to the cinemas and the average prices paid for each admission. The product of these two quantities gives a measure of the total fund out of which every proper expense must be met before any commercial profit can be realised. It is arguable that the same final product might be realisable by increased admissions and smaller average prices; or by reduced admissions and higher average prices. This may be theoretically true, but in practice it is found that average prices have become standardised and could be varied, if at all, only with great difficulty. Under normal conditions these prices will yield audiences for which the present accommodation of seats is comfortably sufficient. It follows that commercial interests are concerned mainly with maintaining and increasing the present total of admissions. Experience shows that this in turn depends on the attractiveness of the programmes in the commercial cinema.

6. The commercial aspect of the production problem consists, then, in overcoming the difficulty of making a series of pictures which, when shown to the public, will provide the exhibitors with a fund out of which they will be able to pay to the distributors, as agents of the producers, a sum exceeding the cost of the pictures. The sums so paid by the exhibitors must, in the long run, also satisfy the condition that they leave them with a commercial profit. For present purposes we can ignore the incessant struggle between buyer and seller—in this case between distributor and exhibitor—as to the propriety of the price which is to be charged and paid for the films in the programme. Both parties are agreed that success, which is measured by profits, can only result if pictures attract audiences, and that profits are a function of the size of the audiences.

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* Printed with the Report on short films included as Appendix B to the Report of the Cinematograph Films Advisory Committee.

7. There are two main sources of supply of pictures for the British exhibitor—Britain and America. The pictures derived from both these sources have been proved capable of attracting British audiences in sufficiently large numbers to interest and satisfy exhibitors. In my opinion there is ample evidence supporting this conclusion in the statistics which, I understand, have been laid before you and with which I assume you are familiar. In general such statistics indicate the popularity of both English and American films, but give no clue to the relative popularity of the two categories. I am inclined to attach some significance, however, to the figures in Table I (see Appendix) prepared from information published by the Board of Trade.

8. What I have done in this table is to compare the returns of renters and exhibitors for "long" films. I have assumed that the films registered by the renters in any year of return will be the same films shown by the exhibitors in their year of return —which will be a year commencing six months later. This assumption is not strictly true because every film is exhibited over a long period up to, perhaps, 12 months from release. But the sequence of exhibition dates with any exhibitor is not likely to show any very marked differences for different films. That is to say, each exhibitor may be assumed to show each film at approximately the same interval after its release. This interval varies in different districts and for different exhibitors, but for the mass of exhibitors the average interval may be regarded as approximately constant. There may be—indeed we have good reason for believing there is—a gradual tendency for this interval to increase. But this secondary movement may be ignored, and we are concerned only to measure the exhibitor's footage returns for a year commencing at some unascertainable interval after the year to which the renters' returns apply. If instead of six months the true average interval was nine, ten, or eleven months the actual figures in my table might be different, but as between the successive years they would probably indicate the same kind of trend.

9. I invite you, therefore, to use them only as evidence of tendency and subject to this limitation they seem to me to justify the following inferences:

First: During the past four years British "long" films have been screened about 6 per cent. more frequently than the foreign "long" films.

Second: The fact that in every year the exhibitors' quota liability was largely exceeded is an evidence that British films have possessed superior attractiveness over their foreign competitors. (Attractiveness is, of course, a subjective quality not easily related to objective values.)

Third: There are signs that the margin of superior attractiveness of the British film is disappearing. During the first two years the average difference of screenings was 8 per cent.; in the last two years it was only 4 per cent.

Fourth: On the whole, the attractiveness of both British and foreign films is approximately the same.

10. Like any other commercial inquiry the investigations of the British film industry involves, on the one hand, an ascertainment of the size and value of the available markets and, on the other hand, of the cost of production. Between two competitors success may be expected to the party whose markets are larger or whose production costs are lower. The American industry appears to me at the present time to have the advantage on both sides of the account. I propose, therefore, to separate the various factors contributing to that advantage and to follow up by suggesting means by which in part or altogether the advantage might be reasonably curtailed or redressed.

11. The first, and most obvious, commercial advantage of the American industry over the British is in the size of the domestic market. The figures in Table II (see Appendix) make a comparison possible. Very noticeable is the relative populations of the two countries; it is estimated that at the end of 1935 the total population in the U.S.A. was 127 millions and bore to the population of Great Britain the ratio of 282: 100. As our purpose is to compare actual and potential patrons of the cinema, I prefer to exclude the comparatively young, and I have therefore taken into account only the population aged 15 and upwards. The ratio of the adolescent and adult population of the two countries is now seen to be 262: 100. For every ten persons for whom the film might hope to cater in Great Britain there are 26 to invite into American cinemas. In many respects the film, regarded as a commercial article, is very closely analogous to a newspaper. The organisation of opportunities to make the newspaper available to the public is the aim of the newspaper proprietor; and similarly the provision of opportunities for showing the film is the aim of the film manufacturer, distributor and cinema proprietor. The number of persons who might be procured to read the newspaper or see the film, measures the potential circulation. The prime cost of each issue of the newspaper, like the prime cost of every film, is enormously large compared with the increment of expenditure for each added reader or each film patron. Therefore the greater the actual number of readers (i.e. the so-called "circulation") like the greater the number of patrons, the more commercially profitable will the venture prove.

12. This analogy with newspaper circulation emphasizes the importance of studying the relative sizes at the present time of the two domestic markets. The best estimates of cinema admissions in the U.S.A. in 1935 put the figure at about 3,700 millions, which may be compared with my own estimate for 1934 (which I believe true within a comparatively small "probable error") of 963 millions for Great Britain; that is to say the American figure is not far short of four times as large. Measured against the "potential circulation" we find the former figure is equivalent to 41 and the latter 28 visits annually for each person aged 15 and upwards. Such a difference, is, of course, very considerable and may be due either to the fact that in America relatively more people go to the cinema, or the cinema patrons each go more frequently, or perhaps to both influences operating simultaneously. There are no means of separating these possible alternative explanations, but the general impression is that the American public is in fact much more cinema-inclined than the British public.

13. On the other hand a slightly different conclusion seems to be suggested by the statistics of cinemas. As in this country, the ascertainment of the number of cinemas and the seats installed in them has been left to private enterprise; but the best estimates so obtained point to the existence in operation of 14,500 cinemas with 10 million seats in the U.S.A. compared with 4,500 cinemas with 3,872,000 seats in Great Britain. By comparison with "admissions" this indicates that every cinema seat in the U.S.A. is occupied an average of 370 times every year, and in Great Britain only 248 times. To the extent therefore that the total domestic market is larger and the cinema seats more frequently occupied, the industry in America must be regarded as having considerable commercial advantages over that in Great Britain.

14. The comparisons of cash earnings are naturally of much greater significance than those made in the preceding paragraphs. These seem to show that "net" box-office receipts in America were about $700 million as against about £35½ million in Great Britain. Converting at $5 to the £ the American total is seen to be nearly four times as large as the British. And again, in relation to the number of seats, the earnings per seat in America averaged $70 (say £14) compared with £9 4s. in Great Britain. Of these sums about £36 million is paid to the various distributors in America who pay thereout to the producers a sum estimated at about £25 millions. The corresponding British figures are £12 and £9 million respectively. All these figures point very directly and conclusively to my first contention that the home market in America is so much larger and so much more productive than in Great Britain, that the American producer starts with enormous economic advantages in competing with the output of British producers.

15. The commercial advantages credited to American producers are not confined to the possession of a large home market—the largest in the world. Owing to the similarity of language, nearly every American production is, practically without any alteration, available for and sent to every other English-speaking country of the world, including Great Britain. This additional market is by no means negligible in amount. I have attempted a rough estimate from somewhat meagre details, but the result is nevertheless interesting as a reasonable measure of the English-speaking markets directly available for English-speaking pictures. Including Great Britain, there are within the British Empire about 7,900 cinemas equipped for showing sound films and regularly showing English-speaking pictures (see Table III Appendix). The amount paid for films by all the exhibitors in the Empire is probably about £16 millions. Added to the American exhibitors' payment for films—estimated at 26 per cent. of the box-office receipts—this represents a total payment for English-speaking films of about £53 millions, by exhibitors throughout the world. These payments must provide for the cost of distribution, borne by the producer either directly or through distributing agencies in different countries. I estimate that the net amount going to producers out of this £53 millions is not less than £36 millions. This is distributed at the present time between the American and British producers in the proportion, approximately, of about £33 million to the American companies and about £3-£4 million to British producers.

16. This is not all. The same American negatives are used for producing "copies" which are available for the cinemas in every foreign-speaking country of the world. There are two methods by which the film is made intelligible to a foreign audience. The first is called "dubbing", applied to the process of substituting a new voice, using words in the required language synchronising as closely as possible with the words of the original version. The second is the method of superimposed titles, in which letterpress caption in the new language are superimposed on the film. Somewhat exuberantly, Americans claim to provide for 85 per cent. of the world's screen time. This is probably an exaggerated estimate. It is, nevertheless, unquestionable that the aggregate additional revenue from all these foreign territories makes a very handsome addition to the total; and in this addition British producers at present enjoy a very small proportion only. In all there appears to be good justification for crediting the American industry with accessibility to markets throughout the world yielding their producers from 10 to 12 times the revenue of the British producers. To overcome or reduce this economic handicap is, in my opinion, the fundamental problem which confronts those who wish to establish British films here and elsewhere. Though difficult, it is not insuperable.

17. Owing to the enormous disparity between the prime cost (i.e., the cost of the original negative) and the cost of reproduction, a number of consequential advantages promptly arise. If, of two competing manufacturers, one can calculate his available market to be ten times that of the other, and the value of the returns on any film to average four or six times as large, he can enter on a scale of production with which the second will find it quite impossible to compete. So far as personnel is concerned, the first can afford rates of remuneration for essential services quite out of the range, even of competition, of the other. He can therefore attract the world's best talent, in so far as the best talent marches alongside of the most highly-paid, whether it be as star, author, technician, or administrator. The press is constantly drawing attention to the enormous salaries paid in Hollywood for the services required in picture making, but these writers refrain from suggesting that the commercial value of the services they render do not exceed even the large sums which the exceptionally astute parties to the bargain have agreed should be paid. The same person can, further, commit himself to productions scheduled to cost spectacular amounts, certainly beyond the reach of British producers at the present time. The following examples are instructive. I have been told on very good authority that "Ben Hur" cost £500,000 (even apart from the £100,000 which was lost in an abortive start on this picture in Italy); "Mutiny on the Bounty" cost £400,000; "David Copperfield" £300,000; "The Tale of Two Cities" £250,000; "Under Two Flags" £250,000; "The Great Ziegfeld" £350,000. It is true these are the sums expended on "specials," but even the normal expenditure on the great majority of the ordinary pictures ranges between £60,000 and £125,000. Each of these pictures has shown, or is expected to show, a handsome profit return to the company's investment.

18. Films of these magnitudes can be produced only in studios of corresponding dimensions. "Queen Marys" cannot be built in yards which never produced anything but pleasure yachts. A totally different conception of the business is called for in the two cases; different scales of expenditure, different materials, different standards, different technical problems, different labour problems, different financial arrangements, different risks, different tests. The accumulated experience of many adventures—successful and unsuccessful—involving large scale expenditure exists in Hollywood and does not as yet exist elsewhere. It is authoritatively stated that some years ago the Universal Company designed an elaborate new camera crane at a lost of £25,000, and last year the Metro-Goldwyn-Mayer Company built a ship to represent the "Bounty" at a cost of £40,000.

19. Before leaving this particular subject, I feel I must stress another interesting and important difference between Hollywood and other film production centres. On its technical side, the business makes demands on the very highest proficiency in a large number of arts and sciences. In very few of these does the practice remain stationary. The latest discoveries and experiments in the chemical and physical laboratories of the world are assiduously studied for possible improvements in technical methods and processes. Research and experiments are proceeding continuously in and on behalf of the studios and associated laboratories, daily resulting in new mechanisms or new processes adding still one more plane to the exalted heights of technical proficiency already attained. Very considerable financial appropriations are voted for research, and these votes are repeated and continued even though failure and disappointment have marked the previous outlay. It would be churlish not to recognise the magnificent courage which led to the investment of the many millions of dollars that preceded the advent of "talkies." That enterprise has, probably by now, been amply rewarded. The same might be said about the colour film, though the rewards in this case are less certain. A few years ago the trade was greatly concerned with the threatened advent of the so-called "wide film," which would have meant a complete revolution in every department of the studio, the processing laboratories, the projection room—in short a universal scrapping of all instruments and gauges throughout every department of the trade and their replacement by others. Many millions of dollars had been spent on research and if the Wall Street crash had not intervened it is believed the results would have been launched on a trade powerless to resist. New cameras, new recorders, new emulsions, new light sources, new trick processes, each adding improvements either in cost or results, make their daily appearance in the trade. Nearly all of these originate in American laboratories, excited to activity by the magnificent reward the film industry can pay for any adopted innovation.

20. So far my analysis of American conditions points to an overwhelming superiority of advantages of the American over the British film production industry. It would nevertheless be wrong to assume that the relative advantages could not be reduced and conditions introduced which would tend to equalise the commercial elements entering into the making of pictures in both countries. In the main the advantages, nowadays, are not "inherited" but "acquired" characteristics. The advantage of a superb and reliable climate which was of such enormous value in former days when "exteriors" shot in the open air formed an essential and a large proportion of every picture has been extinguished, in very large measure, by the wonderful development of technical and trick processes in recent years. There is no real reason, for example, why a scene represented to take place in front of the Taj Mahal should not be done as realistically in a British as in a Hollywood studio. In both cases it would be practically indistinguishable, except to an expert, from a scene that might have been taken on actual location. Practically all the important advantages enjoyed by American producers to which I have referred at length are the result of the relative sizes of the markets for which the two industries cater. For more than 10 years, during which time I have given continuous and consistent study to this problem, I have contended that British pictures could never compete with American pictures unless the markets available to each of them are equal.

21. It is no answer to say that, at the present time, this condition is satisfied. It may be theoretically true but, in fact, at no time during the last twenty years has it been actually true. It is certainly no answer that during the last year or two one or two exceptional British pictures have been freely received and earned satisfactory revenues in America and that this fact proves, therefore, that British films have only themselves to blame if they have not been good enough, generally, for the American market. Not all American made pictures are good ones, and yet practically every American picture is released here, and is forced by high-power salesmanship and skilled organisation to accumulate revenues for their owners. The resistance of the American distributors who are really only the sales departments of the major producing companies which also own most of the key theatres in the country, opposes an almost insuperable barrier to productions which could in any way compete for public favour with the output of their own studios. This resistance is of such a nature that in spite of the much larger American market a really first-class British picture which has succeeded in "crashing" into the market would return much less money to the British producer than many much inferior American pictures return from the British market. Unless an output of a British company's pictures has the same certainty of distribution and exhibition in America as the output of any American company's pictures has to be released in Great Britain, the handicap against the British pictures is an impossible one. Attention must, therefore, be directed to the possibility of satisfying this fundamental requirement. I recall that in 1926 an offer was then made by the British trade, with the acknowledged approval of the Board of Trade, for a reciprocity arrangement whereby American companies would undertake to release in America one British picture to every 15 or 20 American pictures released in this market. That offer was turned down contemptuously, and the Films Act of 1927 was the immediate result.

22. The experience of another ten years, strengthened on the one hand by the changes wrought by "talkies" and the improvement in technical material and personnel, convinces me that a solution of the problem by equalisation of markets is even more deserving of investigation than ever before. Access to American market means, of course, access to the theatres; access to the theatres means, in the first place, access to the "affiliated" houses; and access to the "affiliated" houses is only possible if the distributor organisations affiliated to these houses are as interested in the sale of a number of British pictures as they are for their own affiliated producer pictures. If, by legislation, or otherwise a scheme framed on these principles could be enforced on the companies releasing American pictures in this market, the result would be of enormous advantage to the Empire as well as to the British industry. I suggest that attention be given once again to this proposal. The conditions precedent to the negotiation of a treaty do exist. In the important value of this market we have something to give or withhold which is regarded as essential to the continued production of American pictures on their present scale.

23. Besides the world market, the subject of the foregoing analysis, there is the purely domestic market, for which films are and can be profitably made without expectation of any return from abroad, except possibly on occasion from other parts of the Empire. These are necessarily of much more modest cost and, at the present time, represent the major part, measured by length, of the entire output. The number of "long" British films registered for renters' quota in 1934-5 was 189. Eleven of these were produced outside Great Britain and in other parts of the Empire. The balance of 178 films included 100 registered by the American companies, leaving 78 for the number acquired by British companies. Out of the first group of 100 pictures about 14 were intended for the world market, and most of these were exported to America earning in the majority of cases a small contribution only for the ultimate benefit of the British producer. Of the second group of 78 pictures, about 30 may have earned some revenue from foreign markets and possibly about 10 showed a credit balance on exploitation in America. It appears, therefore, that excluding "quota quickies" about 50 to 60 pictures were made without any designs on the foreign market. The average cost of this group of pictures must have been £15,000—£20,000—say, £900,000. These pictures aim to attract British audiences by the exploitation of an artiste whose name is unknown elsewhere, or by dealing with a background or subject whose appeal is limited to the British public. It is found that such subjects, though less spectacular and without the dazzling finish of certain American pictures costing several times as much, are often able to return a profit-showing in the home market alone. This class of picture is rendered possible by protection based on the quota principle, and would probably be unable to survive any protection-system which compelled them to compete on equal terms for dates with the pictures coming from abroad.

24. My views on the success of the present Act in encouraging the establishment and growth of a film producing industry in this country have been frequently made public and, I believe, are well known to the Committee. A new demonstration of this truth is therefore at the moment unnecessary. It will probably suit your convenience best if I limit my further remarks on the Act to the discussion of certain selected subjects. The first of these subjects is Part I of the Act which enacts an innovation in British contract law when concerned with "registered" films. The Act expresses that no valid contract can be concluded between two parties, however willing the parties might be, involving the exhibition of a "registered" film more than six months after the date of the contract. By this provision, in addition to the further condition that before any contract is executed the film must have been trade-shown (i.e. must have publicly proved its physical existence in this country) it was expected that the door would be closed against certain trade practices which, prior to 1927, were said to be contributing to the suppression of a British film production industry. The practices in question are known as "blind" booking and "block" booking. The first term refers to the practice of booking films, British or foreign, before they can be seen in this country, often before they are made. The second term refers to the practice of offering the exhibitor a number of feature subjects representing the entire programme of a distributing company expected to be available during the year, and insisting that the whole of this "block" should be booked in its entirety. In the past these practices produced a very sorry state of affairs inasmuch as exhibitors' books were found to be closed for fifteen to eighteen months ahead, and any new British film could not find a release, and therefore could not start its career of earning money, for at least this period after the trade show. Thus the capital cost of the picture was locked up for an unconscionably long time, and the company which made this picture had to be prepared to lock up also the cost of all the other pictures he was compelled to produce in the same period. This vice was generally recognised but in dealing with it exhibitors very properly demanded safeguards. The safeguards provided were the total abolition of blind-booking and the curtailment of advance booking. Hence the form of Part I of the Act. In actual practice, however, the desired improvement has not been realised. The keen competition of exhibitors for certain lines of product—pictures with popular stars, or certain outputs of high attraction—has led to verbal understandings which are just as effective in practice as written contracts. By this practice, dates are reserved in the exhibitors' books which are made "firm" when valid contracts can be signed. The trade is therefore back in the same position as before, and the intention of the Act has been completely nullified. Dates are regularly pencilled in for pictures before they are trade-shown, and at any time the books of most exhibitors contain few vacant dates under nine or ten months ahead. Owing to the greater number of good pictures from America this practice implies a very substantial preference for American pictures and a consequential heavy handicap for British productions. This handicap is, I believe, one of the most serious which faces the British producer in his competition with American product.

25. Various suggestions have been made for tightening up the administration of the Act so as to ensure that the object for which the provision was originally inserted shall not be defeated. The administrative difficulty is that prosecutions cannot be started because the evidence is not available—exhibitors hesitating to supply information. Some improvement in securing compliance with the Statute would, in my opinion, follow from a threat to cancel the registration of any film on which bookings have been taken or other exhibition arrangements made, in contravention with Part I of the Act. The cancellation of registration would automatically invalidate all contracts, and would make further bookings impossible, seeing that no film can be exhibited which has not been registered. This threat would prove so powerful a deterrent that it might be expected to bring the present practice for defeating the law to an end.

26. Let us examine this handicap more closely. In America at the present time "block-booking," including "blind-booking," is a recognised and permitted trade practice. At the beginning of every season the major producers through their distributing companies, prepare a complete programme of their proposed output of pictures. These programmes, numbering up to 50 or more subjects, are offered and sold to the exhibitors all over the country before production has ever commenced on the large majority of them. The production schedule is timed so that the pictures are ready for delivery a few days before release. Revenue from these pictures in turn commences very shortly after production. One major company—Paramount to be precise—has admitted in evidence before judicial tribunals that 80 per cent. of the cost of their pictures is amortised within 90 days from release. Most other companies say that not less than 50 per cent. of the cost is returned in this period. Compare this with the British experience where, after production, several weeks or even months usually elapse before trade show, and thereafter about nine or ten months have to pass before release. By making certain reasonable assumptions of the rate of amortisation in this country for British pictures, I arrive at the following startling conclusion: A given programme in this country involves the employment of from 70 to 80 per cent. more capital than the same programme in America. The fact is more eloquent than any comment.

27. The next subject with which I wish to deal is the "quota." Two principal questions dominate this discussion. First, should the Quota be discontinued? And, second, assuming the first question is answered in the negative, what are the principles that the future Quota policy should embrace? The first question seems to be disposed of quite easily. I know of no authoritative opinion in support of the view that British interests would be served if the Quota were permitted to expire with the present Act in 1938. In 1926 when the whole subject was last under examination, the decision of the Government to propose legislation for the industry was universally accepted to imply that a case had been convincingly made out that, both in national (including Imperial) and industrial interest, the development of a British film-producing industry was desirable and possible. To-day, ten years later, these considerations are accepted without hesitation or reservation. On educational, social and political grounds, the power of the film to serve important national interests has been fully established. An important industry has been built up at the cost of much capital, and gives considerable employment to a large body of labour. Doubtless there are defects in the organisation that has grown up, but the admission of these defects calls for a repair and not a destruction policy. For there can be no doubt whatever that the withdrawal of protection from the industry which has been built up would lead to its rapid extinction. Believing I am acquainted with all the circumstances upon which a judgment should be based, my firm and considered opinion is that the film production industry in this country cannot now dispense with protection, and that no other system of protection is as well adapted to the circumstances as that which is embodied in the present Act.

28. I turn, therefore, to the principal amendments which, in my opinion, are necessary or desirable in the Quota provisions of the Act. These are summarised as follows:—

(i) A cost qualification should apply to every registered British film.

(ii) Renters' quota should be reduced to 15 per cent., and rise by steps of 2½ per cent. every two years to a maximum of 25 per cent.

(iii) Exhibitors' quota should be reduced to $12\frac{1}{2}$ per cent. in the first year, 15 per cent. in the second year, and rise by steps of $2\frac{1}{2}$ per cent. every second year thereafter to a maximum of 25 per cent.

(iv) Shorts should not be exempt completely from quota, but the burden of quota liability should be considerably eased.

(v) The present insistence that the scenario writer must be of British nationality should be withdrawn.

(vi) Steps should be taken to secure a more even spread of exhibition of British films throughout the year.

(vii) Powers should be reserved to the Board of Trade for abrogating or suspending the renters' quota liability in respect of the distribution of films produced in any foreign country in certain specified cases, and of corresponding reductions in exhibitors' quota.

29. Before explaining these proposals at length, I would like to refer to a suggestion which has found a measure of support in certain quarters, including substantial support from the American companies established here. Briefly stated, the suggestion is that any renter under liability to acquire, say, 100,000 ft. of British feature film now costing them, say, £100,000, should be permitted to spend this £100,000 on one or two films, even though the total length does not exceed 12,000 to 14,000 ft. This suggestion, with its captivating simplicity, is one whose merits disappear on very close inspection. Why did they produce pound-a-foot quota quickies in the past instead of the more elaborate, or at any rate, more expensive pictures which would be substituted under the new proposal? One of the most effective answers in the past to the proposal that the American organisations should assist in making *real* pictures has been that they could not be made here to show a profit. Does the support now being given to the proposal mean that conditions have now altered in this respect? If one or two pictures at £50,000 or more can be made to be profitable, surely the larger number required by a "footage" quota ought to be made, and not the kind of "quickies" which have brought so much reproach to British films. But if the new proposal was adopted the worst consequence would be the reduction in supplies to exhibitors which would follow from the making of 12,000 to 14,000 ft. instead of the 100,000 ft. which, *ex hypothesi*, would have had to be made.

30. There is, however, one aspect of this proposal which, though never expressed, does attract my strong sympathy. Apart from such considerations as injury to reputation caused by the exhibition of bad films, it must be recognised that good films are much more likely to receive extended showings than bad ones. It is screening and not production which is the definite and ultimate purpose of the Government's policy. For example, it is not improbable that a 6,000 footer costing £6,000 may get 300 bookings extending to 900 days, but a £40,000 picture of much the same length might have 1,600 bookings amounting to 7,000 days. Some claim for compensation in respect of quota footage to be acquired by the renter may be justified in cases like these were it not for the fact that such virtue must have already found an ample reward in profits. The administrative difficulty arises, however, from the fact that a £100,000 picture could not count on twice as many play-days as a £50,000 one; and the exhibitors' difficulty would, in consequence of the existing trade practice as regards "bars", be increased and not diminished by the replacement of one good picture by seven or eight inferior ones. The proposition in its last analysis really means that more weight should be attached to costly than to cheap films. If I knew how this principle could be administered I think I might agree with it, and in any case British films made directly by British companies would have to enjoy the same relative advantages.

31. My first specific proposal is for the introduction of a minimum cost qualification for British films. This proposal is one which I submitted to the Film Group of the Federation of British Industries some years ago, and which was accepted by them up to the time I ceased to be a member a few weeks ago. I hope the attribution will not be made to me that this proposal assumes that I suggest that more money is a *guarantee* of better pictures. What is indisputable I think is the proposition that it is much less probable that bad pictures will be associated with large expenditure than that good pictures will be associated with small expenditures. The proposal is cast in the suggested form so as to eliminate the necessity for further penalising a picture by depriving it of registration rights after it has been produced with considerable outlay of money. It will be sufficiently punished by the financial loss that follows in the wake of every bad picture, irrespective of its cost.

32. For facilitating the administration of this provision I am strongly in favour of the suggestion that the minimum cost should be measured by the Form C returns which have to be made under Section 27 (iii) of the present Act. These returns are for only a part of the total cost, but they are an approximately constant part; and in addition they are certified by a chartered accountant and provide fewer opportunities for evasion by the producer. Assuming this principle, my recommendation would be in favour of a minimum of £1 a foot (Form C costs) but I am willing to support a beginning being made with a 15s. a foot minimum, to be raised in a few years to a £1 a foot minimum. Apart from other merits this proposal would add at least £1 million in the first year to the value of the output of British studios.

33. It is because I believe the present studio organisations would not be able, in many cases, to cater immediately for both an increase in footage and a substantial increase in the average cost of their pictures, that opportunity should be given for the readjustment of all the existing studio organisations to the demands of the new situation. Many new studios with a large number of stages have, I am fully aware, been erected in the past year or are now under construction (Table IV Appendix). In these the new equipment is of the latest design and conforms to the most up-to-date and exacting demands and experience. But the corresponding personnel and other man-power are not so easily made available. I am greatly concerned at the risk we run in inflating still further the already too high remuneration demanded by certain artistes and technical personnel. A small present reduction in footage accompanied by increased value of the average picture should ensure, at least, the present scale of salaries and numerical staff. It would be better therefore to avoid the risk of dangerous congestion in studios in which, even now, serious administrative inefficiency is reported to exist.

34. Exhibitors are demanding that the Quota on exhibitors shall never exceed one half of the corresponding renters' quota. In my opinion this demand is based on a complete fallacy. The two quota rates are not strictly comparable. That would be possible if exhibitors were limited in choosing their British films in any year to the films registered by the renters in a certain previous year. This, of course, is not the case. To them all the films registered at any time since the Act came into operation are always available. Exhibitors also are too prone to put the assumed dignity of their cinemas as a reason for never booking a film, however successful, which has been shown by the "opposition" House. By this practice, carried out to the extreme conclusion, they frequently deprive themselves of opportunities for selecting and showing films of considerable merit and with a good chance of profit. In the regime served by the proposed new conditions the reason for refusing to book many films because of their reported unsuitability should apply to comparatively few of the future films, and it is not unlikely that more new films deserving to be booked would be available in the future, despite the lesser footage that might be made. Logically, therefore, there is no reason for acceding to the exhibitors' demand. Any lingering doubt about this sufficiency would be dispelled by the proposal that the exhibitors' quota should stand in relation to the renters' quota as follows:—

Year.	Renter.	Exhibitor.
	Per cent.	Per cent.
1	15	12½
2	15	15
3	17½	15
4	17½	17½
5	20	17½
6	20	20
7	22½	20
8	22½, etc.	22½, etc.

35. An almost unanswerable claim can be made for the consideration of "shorts" apart from the "long" films with which they have been very closely assimilated in the Films Act. There is however no real case at all for the complete exclusion of "shorts" from some application of the quota principle. Everybody acknowledges the value—indeed the importance—of "shorts". They help to give variety to programmes, and to provide means for adjusting programmes to a convenient length when the feature items are of varying length. "Shorts" also frequently include subjects which are of a definitely "intellectual" character which are willingly tolerated by ordinary cinema patrons so long as they are really short. But their importance in offering opportunities for training new directors, whom it is not expedient to trust with the direction of a picture on which a large expenditure is to be incurred, cannot be exaggerated. Many of the leading Hollywood directors have been recruited from the "shorts" school, and the example could be followed here with advantage.

36. For these reasons the showing and production of British "shorts" should be encouraged, and the same method which has proved successful with "longs" can, with suitable modification, be adopted. There is no logical necessity that in order to qualify for registration they should be merely long subjects in miniature and therefore subject to similar standards. Nor is it necessary that if a cost qualification is approved for "longs" that the same or any cost qualification should apply to "shorts". Finally, it seems to me unnecessary that the same "quotas" should apply at the same time to both categories of films. In my view the following provision for "shorts" would be adequate and helpful in promoting the production of British "shorts":

(i) Registration to be extended to cover all subjects, except news reels, advertising and industrial films.

(ii) No cost limitation to be imposed.

(iii) Quota liability to be 10 per cent. on renter and exhibitor.

(iv) Any deficiency by either renter or exhibitor to be transferred to "long" quota at the rate of one foot of added "long" quota to every two (or three) ft. of "short" deficiency.

37. My own observations encourage me to regard proposal (vi) in par. 28 as having substantial value. There is a frequent tendency on the part of both renter and exhibitor to defer the registration and exhibition of British pictures for quota purposes to certain times of the year, the former towards the close of the quota year, and the latter to periods when exhibitors are not hopeful of attracting good attendances. I would like to see the system modified so that exhibitors were compelled to satisfy their liability every three months, and renters every six months. It might be desirable to overlook a small deficiency, not more than one-fifth, in any quarterly period provided it is made up in the immediately following period. I believe a reform of this kind would have a very salutary reaction on all branches of the production industry.

38. The intention of proposal (vii) in par. 28 is to encourage, by declaration in an Act of Parliament, the reciprocity scheme between Great Britain and America or between the British and American industries which, more than any other arrangement that has been devised, would stabilise and encourage the industry in this country, and encourage it to make pictures for a world market instead of for the limited home market. Such a scheme would provide, *inter alia*, for (i) a cash participation in the cost of a certain proportion of British pictures, (ii) a guaranteed release for such pictures in the U.S.A. on equitable terms, and (iii) interchange of certain artistes and other personnel. My suggestion is that if these conditions are satisfied, in the opinion of the Board of Trade after consulting an "ad hoc" Committee of British and American representatives, the Board of Trade should be vested with the power of suspending the pictures from any country, or any firm, from registration and so automatically lift the quota from such product.

39. There is one other subject to which I feel I must draw your attention because it gives me cause for great anxiety. I refer to the relation between the capital employed in film production in this country, and to the fears which I share with many people in the trade that this capital is seriously inadequate. In America it is estimated that the capital employed for production is about £20 million, and the output is valued at about £25 million. Reasons have been previously given for saying that, owing to the less favourable release practice in Great Britain, the same output in Great Britain would have employed over 70 per cent. more capital. That is to say, what is now done in America with a capital of £20 million would require about £35 million if the British release practice had prevailed. This is 1·4 times the value of the output. Actually the value of the British output last year was probably not much more than £3 million, for which the capitalisation should be about £4¼ millions. Though no accurate estimate of capital in the British production industry has been made, I feel certain that this figure is very greatly in excess of the capital actually available. The consequence of this under-capitalisation is the extensive resort to short-date capital in every one of the large variety of aspects known to the resourceful financier. Such finance is very dear money, and, apart from serious other inconveniences represents a further charge on the cost of production. I could be more readily reconciled to an increased quota if the capital available in the various production companies was materially increased. The present shortage might easily be as much as £2 million for such a programme as was produced in the season 1934-5. At the present time the margin between available invested capital and the estimated requirements has, probably, increase very appreciably. If the suggestion made in the course of my evidence was adopted and by repealing Part I of the Act, made block-booking and blind-booking once more possible, a considerable amount of capital at present locked up in remote releases might be made available for production. It seems to me that the objection to this policy that might be expected from exhibitors has no substance, in view of the fact that all the evils, if any exist, of "blind" and "block" booking are already in full force to-day. I am clear in my own mind however that the amount of "quota" should be definitely related to the actual capital invested and employed, not including any loan money borrowed for and charged upon a specific picture or pictures.

1150. (*Chairman*): I am sure we have read your document with great interest, Mr. Rowson; it will be very helpful to us. I will not take you through the first part, but I would like to go to paragraph 21. You there deal with the resistance of American distributors to British films entering the American market owing to the theatres being controlled by the major producing companies?—That is so.

1151. Could you give us any idea as to what proportion of the whole are constituted by these tied circuits?—Yes, Sir, I could. I have here a document called " The Motion Picture Industry Study ", which was prepared under the National Recovery Administration, and was recently presented to the Motion Picture Department at Washington. The date is stated to be February, 1936, and I find in there a table of the number of theatres in America in 1935. It is there given as 18,000 odd, but those include all kinds of motion picture theatres, including those which were closed and not being operated. The figures which I have given in the appendix to my memorandum refer only to operating theatres, about 14,500. Of this number of 18,263 there are 2,073 described as belonging to " affiliated circuit theatres," that is, the theatres owned by the producing organisations, and I should say that of that 2,073 they are practically all operating.

1152. Do they have a renter in between?—They have their own renter in between; they call them Exchanges.

1153. And the other theatres are independent, they are not linked with any renters who are independent of the producers?—No, Sir. There are besides 3,070 theatres which belong to various circuits, but not affiliated, mere combinations of theatres operating solely for the purpose of collective buying and collective operation, but they are not directly connected with any producer organisations.

1154. Are they combined so as to arrange dates mutually convenient or is it with a view to bringing down the price?—Well, they are simply, I think, multiple stores, if you like, under one control.

1155. It is not a matter of the theatres getting together to deal on more satisfactory terms with the renters?—No, these 3,000 odd unaffiliated circuit theatres belong to groups of anything from ten's to forty's and fifty's.

1156. Then by far the greater portion of these theatres are independent, are they, as they are here?—Yes.

1157. And has the same difficulty arisen in America that the smaller independent groups complain that they do not get a fair deal from the renters?—It does not work in that way, Sir. These 2,000 odd affiliated theatres are in the main, and they owe their origin to it, " key " theatres, by which I mean they have been acquired as shop windows for the product of their affiliated producer organisations. Being key theatres they lead the way in every district, and pictures can only find their showing in other theatres after having passed these first theatres. It is no use trying to exploit pictures in America, as it is no use here, unless you get what we call the first runs. The first runs control the situation, and of these 2,073 theatres nearly all of them are first run houses. If we were to analyse—which I am not able to do—the whole of the first run theatres in America and ascertain how many of them are included in this 2,073 you would find that the proportion was an extraordinarily high one, possibly 50 per cent., I would not be surprised, I can only guess that, but a very high proportion I am certain, and therefore though there might be a number of independent first run houses in different parts of the country, they would mean nothing at all towards exploitation unless you have previously passed the first run key houses belonging to the affiliated circuits, and apart from that the strength of the producer organisations in America is such that the unaffiliated circuits and other independent first runs are mainly dependent upon the major organisations for their first runs, they must take their pictures—and therefore they get themselves tied up again by block contracts. They get themselves tied up at the beginning of the booking season. There is every possible resistance, natural resistance if you like, because their date books are already filled up, before the independent picture coming from abroad can possibly find an entry. The door is closed partly by the affiliated theatres but partly by the selling system, and more so by the selling methods employed by the American exchanges.

1158. I am very much interested to hear that, but I was not only asking with a view to seeing how it affects the export of pictures from here, I was wondering whether the position there had any bearing on the problem which is alleged to exist by some of the exhibitors here, that the small independent people cannot negotiate satisfactory bargains with the renters. What we are told here is that the policy of the renters not to allow any negotiations with groups unless they are people who have got actual financial control of each theatre has operated very harshly on the exhibitors, that there is nothing of that sort in America, the system is so entirely different?—The system is in that respect quite different.

1159. Have you any knowledge of this problem about the exhibitors?—On this side?

1160. Yes.—I think I understand the problem on this side, yes.

1161. Could you usefully tell us anything about that, whether there is any way of dealing with this grievance on the part of the smaller exhibitors?—Perhaps this statement bears on that question, my Lord. I intended to ask permission to put in a supplementary note to my evidence, a supplementary note on co-operative production by exhibitors—that is what I call it—and it is only a brief note if I may read it to you, and I will then pass it in.

1162. Certainly.—

> " The attention of the Committee is drawn to the following situation, and I hope they will be prepared to state their views and, if thought desirable, make recommendations upon it.
>
> " It is well known that exhibitors are deeply concerned at the rental prices they are compelled to pay distributors for films. Without admitting the case they make as to the excessive burden of these prices, there is some added irritation and resentment by the fact that the organised renters' policy is designed to place individual and independent exhibitors in a weaker bargaining position than in the case of competing theatres forming part of a circuit. Collective action by groups of independent exhibitors has become impossible owing to the attitude of the organised renters, and among other consequences it frequently happens, so it is alleged by exhibitors, that independent exhibitors have a much more restricted choice of pictures or are compelled to pay substantially higher sums for them than their neighbours or other opposition houses, though their theatres are smaller or have smaller earning capacity."

I think that is the problem you were asking me about.

> " Among the devices for defeating this monopolistic tendency of the larger circuits, the suggestion has been made for the creation of a new producing and distributing company in which exhibitors would be the principal shareholders. These exhibitors would be expected to enter into binding contracts to show the films produced or acquired by the Company as and when they come on the market. The contracts would be an essential feature of the company's organisation, as the provision of finance and capital is dependent on them.
>
> " I have been consulted more than once on a scheme of this kind, and I have always had to advise that such contracts would be in contravention with Part I of the present Act. This is because their essential feature is an obligation

for future exhibition of a picture which at the date of the contract has not been made. I may be wrong in this interpretation; if so, the question is answered. But assuming I am not wrong, on a strict reading of the Act, I suggest that means might be found for making a scheme on the above lines possible. It would merely extend to a combination of exhibitors the same practice as is now carried out by producer-exhibitor organisations at the present time, without contracts because these instruments are then unnecessary."

1163. You do not make any other suggestions for dealing with the difficulty of the small exhibitor. Could you help us in any way in that respect? What we are told is it is not a difficulty which happens in the smaller areas, but where you have a large population served by half a dozen cinema theatres, the theatres that are the weakest have a poor time?—I think there is a difficulty sometimes, but not quite so keen, not quite so serious, as is sometimes said. It is a little bit exaggerated, but there is a certain difficulty in many crowded centres, in populated centres, but that difficulty arises mainly, I think, through the concurrent demand of a number of exhibitors for one particular picture.

1164. You see no way out?—I see no way out of it except by some help with a scheme of this kind.

1165. Well, let us come back to paragraph 26, to the position in America. Blind booking is the regular system, from what you have told us?—It is.

1166. Is there any redress if the film booked blind is not up to standard?—None whatever.

1167. They have to take it?—They book the block and they show the block. Nowadays I think they are entitled to get about 10 per cent. rejections.

1168. Oh, I see, the exhibitor may reject some of these films?—The new contract permits them to reject 10 per cent. of their pictures in the block.

1169. I see. Then, in the same paragraph, you mention the very long period before a trade show and nine or ten months before a release. Why is there this long delay, much greater than in the case of American pictures?—In the case of American pictures in America?

1170. No, these are the British pictures, you say that after production several weeks or months elapse? —In this country—you mean by comparison with America?

1171. Yes, why is it so much slower here, why is it that this long lock-up of capital takes place?—I think on the whole they are not so administratively efficient here.

1172. Then in paragraph 39 you suggest that the permission of blind and block booking would help in these matters. Do you think it would shorten these periods of delay?—I think that the blind and block booking provisions in the Act are not effective, and it would make very little difference if they departed from the Statute Book at the present time.

1173. But on the other hand, the positive side, what help would it be, how would it assist in the turnover of capital?—There would be no great help in that way so long as the American film dominates the situation, and they are permitted to book their pictures or make arrangements for the showing of them long dates ahead. The date book will always be full, but I think that the suggestion I have made for possibly demanding that the quota shall be fulfilled every three months, and therefore compelling the exhibitor to reserve a quota number of dates in each three months, would have a beneficial effect.

1174. That would come in the quarterly returns?—Well, there would have to be a quarterly qualification anyway.

1175. That would probably be very much resisted by the industry and add very much to the reports and the statistics?—It would add to the clerical work but I do not think that is a sufficient objection.

1176. Would there be much opposition to it, do you think? Do you see a great advantage in it?—I see an enormous advantage.

1177. Do you think the industry would agree with you and therefore not oppose it?—I do not think the industry would seriously oppose it, but I have not consulted with them about it.

1178. But you think the advantages are so great that they would overcome the difficulty?—Well, there were the same objections on the clerical side when the Act was first introduced.

1179. Then in paragraph 29 you mention the suggestion of the American interests that they should be allowed to spend more money on fewer films, and I would like to know your opinion as to the possibilities of production over here by these foreign organisations. We were told by the renters' organisation that it is impossible for any individual organisation to make more than six satisfactory films in a year, therefore the necessity of making two or three times that amount makes it inevitable that the poor films should be made. Do you agree with that, that it is physically impossible for these people to control production on a larger scale?—In Hollywood the Paramount organisation makes about 70 to 80 major pictures a year under its own banner; the Metro-Goldwyn makes 50 to 60; the Fox people make 70.

1180. But they are hampered, according to their evidence, by the lack of technical knowledge over here, the lack of personnel, and the fact that they have to comply with the requirements of 75 per cent. British, and so forth, and they allege that they cannot possibly do what is easy in America. You do not agree with that?—No, I have a good deal of sympathy with that. If they are going to make important pictures of the £50,000 or £60,000 or £100,000 grade it will call for a considerable increase in the present technical staff, and that technical staff is not at the moment available in this country.

1181. So that if we are going in any way to drive up the standard of pictures we shall probably have to go a bit slow over quota until things readjust themselves?—That is my own view, Sir.

1182. If we continue with the quota which is too high a quota of British pictures, and too rigid in the enforcement of quality, the result would be that certain American pictures would be cut out?—They might be.

1183. Would that matter very much, do you think? —Well, we can very well foresee that it is only the inferior foreign pictures that would be kept out. That would not be in general a serious matter.

1184. It would not injure British interests in any way?—No, the interests that would be affected are the interests of the exhibitor, he would not have these play dates that would have been occupied by these inferior American pictures being competed for by British pictures. The exhibitors would certainly say that they had not got enough pictures to choose from.

1185. They make that complaint about British pictures now, and they would transfer that grievance to the American pictures?—They would certainly say, and I think they would be entitled to say, that the effect would be to boost up prices for the remaining pictures on the market, whether they are foreign or British.

1186. Then in paragraph 32 you suggest that a minimum on Form C basis should be fixed of £1 a foot, but you are willing to support a beginning at 15s. a foot. This is a good deal lower than the recommendations which have been made to us from other quarters?—I quite appreciate that, but this suggestion is directed to improving the worst pictures and not doing anything at all or not taking any account of the pictures that are already better, and 15s. a foot on Form C is supposed to be substantially 30s. a foot on total costs, and a 6,000 or 7,000 footer would cost £10,000 minimum, and I do not think that the minimum would in this case become the maximum. The average would certainly be very much higher, and I think the effect would be a psychological one.

1187. You are careful to dissociate yourself from the view that cost is necessarily any criterion of merit?—I quite appreciate that.

1188. But I suppose we could apply this method of cost with an appeal to some kind of independent body in the case of a cheaper picture qualifying on merit?—I have always advocated that.

1189. And in that case we can put the automatic qualification of cost considerably higher and deal with the other pictures that did not come up to that?—I have always advocated that pictures costing less than the minimum should be permitted to apply for registration on the grounds that they have special merit.

1190. In that case would there be any danger in putting the automatic qualification considerably higher than you suggest here?—There is no serious danger; only I do not think it is necessary. I think it is already a very big increase for the people who have been spending £5,000 and £6,000 to be compelled to spend £11,000 and £12,000, and the fact that they are compelled to spend £11,000 and £12,000 means that they are going to give far more attention to getting worth out of their spending than they did before.

1191. The producers recommended that quota should in future be based on the percentage of foreign pictures shown, the proportion of foreign pictures shown, not on the combined percentage of the two. Personally I was not able to feel clear what was in their minds. Could you tell us whether there is any advantage in that?—I think I can. I read the evidence on that subject and I agree with you, Sir, that at first sight that is merely a mathematical distinction and no real distinction. They were advocating two kinds of British films, those which are necessary in order to satisfy their quota liability, and those which are made otherwise than for satisfaction of quota liability. The pictures that were made for satisfaction of quota liability should be in number as small as possible. You do not want that liability to be extended more than is absolutely necessary. If, for example, to take a case, 80 pictures were being imported by a particular company, you could have a liability of 25 per cent. on the 80 pictures or a liability of 20 per cent. of the 100 pictures, and the effect is precisely the same, but if the company importing those 80 pictures wanted to make 30 British pictures then you would have a total of 110, and you would have 22 subject to your minimum price liability instead of only 20. It is only when the minimum number is being made that it makes no difference, but when you are making more than your minimum it does make a difference.

1192. But there is no compulsion to bring in these foreign pictures. I could see that if it was working the other way?—There is no compulsion, but we are taking the importation of foreign pictures for granted. They are importing 80 pictures and the people who are importing them are compelled under a 20 per cent. all-over liability to find 20 more pictures of a British kind, but supposing they want to make 30 pictures, then you have got 110 pictures, and a 20 per cent. liability would represent 22 pictures subject to the conditions that you may lay down in the Statute, instead of 20. I hope that is clear. There is a difference.

1193. Yes, I see you do not want the British number to count in the basis figure?—We do not want the British number to count in determining the number of British pictures that have got to be made.

1194. Yes, I see the point now, I am afraid I did not before, but you have succeeded in enlightening me.—Thank you.

1195. You speak in paragraph 33 about the excessively high remuneration demanded by certain artists under technical personnel. Is this due to a kind of monopoly position that the quota Act has enabled these people to enjoy?—I think it has arisen mainly, my Lord, through the desire to find some element in the British picture which would enable them to sell it more easily to a possible producer. Supposing you want to make a picture hoping that you might be able to sell it to an American Company. It is quite clear that you have got to find some feature in that picture which will make it acceptable for advertising purposes. It might be an American star, an English star being unknown, no matter how eminent that star may be he is of no value in America. It might be a United States Director, who, at any rate, is a guarantee to them of making a first class picture for release, and you have got to put in perhaps an American camera-man who is well known to the American organisations as one who is turning out excellent work. The result is that there is a pressure on American technicians and American stars and American Directors for the making of pictures, especially so far as they are permitted in the English picture to be excluded from the 75 per cent. cost qualification under Clause 27, and this successive pressure through the demand, as it were exceptional demand, for these various purposes has caused a rise in values to take place quite beyond the intrinsic worth of the artist or person concerned.

1196. Do you think that the 75 per cent. requirement is reasonable or does it shut out opportunities which should be available to the British producer, opportunities of drawing on foreign resources?—Well, the only person who at the moment is excluded is one star or one director, who is excludeable.

1197. Is that enough?—Well, personally, I am inclined to the opinion that the exclusion of the star or director is no longer necessary.

1198. You think that they could get those in this country?—No, I think they ought to get it within the 25 per cent. cost. I think the 25 per cent. margin should be enough.

1199. Yes, I see?—Especially as you are going now to aim at raising the cost of the picture so that the 25 per cent. margin will, *ipso facto*, be represented by a larger sum.

1200. Yes. Then you refer to the serious administrative inefficiency. Would you care to develop that sentence?—Well, I will sum it up in a piece of information that was given to me which I think is of interest and perhaps you might regard it as of importance. I am not criticising the British methods, but an executive chief, one of the financial chiefs of one of the great American organisations, told we a few days ago that their last 49 pictures made in Hollywood, not an odd one, averaged 29 days on the floor, that within three to four days after the last day of shooting a copy was available for the executives to see in their theatre in Hollywood, and within 15 or 21 days from the last day of shooting there was already a first run in New York, say under a month from the last day of shooting. Compare that with not an uncommon experience in this country. No important picture is now made within the period of 29 days, they take six to eight weeks, even when they are very smart, and they frequently take many months. After the last day of shooting it usually is many weeks before there is a copy available for the officers to see, and assuming that a trade show represents something like the earliest day when a final picture is available, it frequently is three or four months from the last day of shooting that a trade show takes place. Now, all those stages are controlled by administration, and I think the comparison is very much to the disadvantage of the English administration.

1201. Have you seen any improvement in the last few years?—Not serious, in fact I am not sure if it is not getting worse with big pictures.

1202. What is it. Is it that they have not got the right sort of men in the industry?—I think that is so.

1203. That they have got people of artistic temperament where the Americans put a business man?—I think that is so.

1204. And does the artistic side benefit by that in any way?—The artistic side is certainly benefited;

I quite agree that the artistic side is benefited very, very much, but I am afraid at too high a cost.

1205. In paragraph 34 you say that exhibitors are demanding that the quota on exhibitors shall never exceed one-half of the corresponding renters' quota. I did not understand their evidence to be quite as definite as that. My understanding of it was that they said they were to have a choice of two pictures for every one that they had to show, and under present conditions I think they argued that that could only be done if the quota was varied in this way, but if the margin available were varied in some other way, achieved by raising the quota in some other way—I did not understand that they were committed against that?—I appreciate the distinction which you are making, my Lord. They certainly did ask for a choice of one picture out of two. I think they meant at the time that that would not be satisfied unless the renters' quota were twice as high a figure as the exhibitors' quota. If all the renters' pictures were exhibited to the same number of theatres and for the same number of days then that would represent two pictures for one. If some of the renters' pictures are shown to a very much larger number of theatres than others and you improve the number of pictures of the higher grade you would be able to satisfy their condition in theory of a choice of one out of two with a fewer number of pictures, but the arithmetical relationship is not quite so simple as all that because of the barring clauses and the showing clauses which exist. It does not matter how good a film is, very often some exhibitors cannot buy it, or they will not buy it, because it has been shown by an opposition house.

1206. Then you refer to films being available to exhibitors whenever they were registered. Now, in fact, is it often practicable to revive old films and show them again?—I would not depend on it too much according to existing practice. There are several theatres, but they are very few, where they can show old films, but I would not depend too much on re-issues, as we call them.

1207. You suggest a scale of quota. Do you think that it is wise to look so far ahead. Do you prefer a rigid law to leaving discretion to the Board of Trade, acting on advice?—This is only a formula.

1208. I know, but would you prefer a formula, whatever may be the figures with which you fill it up, would you prefer a formula in advance like this to leaving certain discretion to the Board of Trade acting on the advice of some impartial body, something like the Import Duties Advisory Committee?—I have the greatest respect for the Board of Trade in the administration of this particular Act, where I have had a lot of experience and contact with them. I think it would be throwing a very heavy burden on them if you are going to give them a discretionary power to decide say in five years time what the quota should be for the sixth year and the seventh year. I think it is necessary from the point of view of the trade itself that they should know precisely what they have got to face in two or three years time ahead.

1209. Forcing up the quality will dislocate production considerably and it would be very difficult to fix these things?—That is why I am very loath to make the figure too high at the start.

1210. Yes. Then in paragraph 36 you recommend that registration of films should be extended to cover all short subjects except newsreels, advertising and industrial films. If you could ensure that advertisements were eliminated there would you feel it undesirable to allow industrial films to be registered?—If they are not subsidised I have no objection.

1211. With those reservations you do not object?—I think some industrial films are extremely interesting, if they are not subsidised.

1212. Then you recommend the deficiency on short quota should be transferred to long quota at the rate of one foot to every two or three feet. Why do you recommend that there should be a different value for the long quota from the short quota?—I think we have got ourselves into a frightful mess by assuming that short films are similar to long films. I think that was the mistake that we made in the original Act. We defined registrable films for shorts as the same thing as registrable films for longs.

1213. You want to get rid of that distinction?—I want to distinguish between the two and say there are two different kinds of business.

1214. Give them incentive to use different kinds and work up the quota in that way?—To the development of the short.

1215. This reciprocity scheme is new to me here. I do not see what security we should get under this when British pictures were shown in this country. It would inevitably have a big effect in reducing quota if it were successful. Well, that would be what we want in the American market, but from the point of view of the original policy of getting pictures shown in this country it seems to me it might fail?—I think not, Sir, because, *ex hypothesi*, such an arrangement could not be made with any American company unless they were high quality British pictures, and high quality pictures will find their level in this country without any difficulty whatever, without any compulsion for exhibitors to show them.

1216. You think the quota would still continue for a large area, it would only be exceptional that you would get this very limited market?—I hope personally they would almost become extinguished.

1217. You think they would?—I hope so, I do not think they will.

1218. But I suppose there are certain subjects which are suitable for pictures here and which in no circumstances could be treated in such a way as would interest an American organisation?—I think that is extremely probable. I think the Americans have made a mistake sometimes in forcing some of their pictures on our market, like baseball pictures and football pictures, which nobody here can understand.

1219. Under a reciprocity arrangement the picture in the home market would have to receive the quota arrangement?—They may be the terms of the contract which I suggest would have to be reviewed by a competent body here before they were entitled to call upon the Board of Trade or before the Board of Trade would be entitled to say, "We can lift the registration on these films."

1220. Yes. Then at the end you refer to the lack of capital in the industry. Has inefficiency got much bearing on this difficulty. Is it conceivable that you could so improve efficiency that you could get better work out of the same capitalisation?—One might assume that with increased efficiency there would be more Companies and more productions showing a profit return than at present.

1221. You say you are clear in your own mind that the amount of quota should be definitely related to the actual capital invested and employed, not including any loan money. How would you relate it administratively?—I do not know. I hope you do not ask me for a hard and fast formula. I do not know what the output value of pictures this last year has been, I am inclined to think from some figures I have heard that they have been very much exaggerated before you. I will go into that if you care for me to do so, but suppose the amount of capital being used at the present time in the production of pictures is £2 million, and they are using in addition another £2 million of short date loan capital, I would be inclined to ignore the £2 million of loan capital and ascertain what would be a fair quota liability to relate to the £2 million. If at any time there should be a transfer from the loan capital of £2 million so that there was only £1 million of loan capital, and £1 million increase in share capital, then I would be inclined to favour an increase of quota on the basis of an increase of £2 million to £3 million.

1222. Well, we cannot foresee that at this stage?—I know we cannot.

1223. And if there is to be an Act with a schedule such as you suggest——?—I am afraid we could not draft it.

1224. We have got to give up the idea?—I think so.

1225. It is desirable, but you do not quite see how you could do it. Thank you very much.

1226. (*Sir Arnold Wilson*): My Lord Chairman, I feel sure I voice the opinion of the whole Committee, both those present and those absent, when I say we are greatly indebted to Mr. Rowson both for this evidence and for the paper which he prepared for the Royal Statistical Society which gives more information to us than any publication that I know, whether official or unofficial.—Thank you, Sir.

1227. Our Chairman has taken you through your evidence with such lucidity that I do not propose to offer further questions at any length to you. The memorandum is to a great extent self-explanatory, and many of the questions that you have posed to us you have answered yourself in the process.—I thought that would be more helpful in doing it in that way.

1228. Yes, indeed it is. Assuming for the sake of argument, simply for the sake of argument, that every proposal made by you in paragraph 28 were to be adopted forthwith as the declared policy of Government, do you think it would be possible in practice for the Board of Trade to act as the arbiter and the interpreter of an Act of Parliamnet giving effect to your ideas. Would it not be necessary to establish a cinema industry control board in some form to take over responsibility both on behalf of the Government and of the industry at large, to give effect to the policy which you have outlined which is, to a great extent, only an extension of the policy laid down by the Act of 1927?—I certainly have never given any thought to the suggestion which you have just made, Sir Arnold. I think it is a very interesting suggestion, and I realise that while on the one hand the Board of Trade has proved exceedingly efficient in administering an Act relating to a very complicated business, such a board as you are suggesting might be of very great added value.

1229. You appreciate that the general policy of Government for many years past has been to endeavour to co-operate with industry by means of boards rather than to exercise executive authority when large commercial interests are involved?—I do appreciate that, Sir.

1230. We have parallels, for example, in the Sugar Reorganisation Commission, the Milk Marketing Board, the Import Duties Advisory Board, the Electricity Commissioners, each with a very different *ad hoc* constitution, devised to enable Government to rely upon the deliberate consideration of a body of men who are not impartial in the sense that they are disinterested, but who are genuinely anxious to give effect to the declared policy of Government and to enlist the active co-operation of all those commercially interested in their particular branch of industry?—I think that is so, Sir, and, if I may say so, that was one of the objects which were aimed at in America by the N.R.A. An actual code, among others, was already drawn up for the film industry, among others, which, of course, had to be cancelled when the N.R.A. went by the board, but the code was already in existence and there would have been a code authority, of course, which I understand was the kind of thing you had in mind.

1231. At a later date, my Lord, I shall ask you to provide us with copies, if possible, of the N.R.A. code?—The reference, Mr. Patterson, is Motion Picture Industry Study Work Materials No. 34.

1232. I am anxious to hear a little more from you on the subject of the shortage of capital. It has been suggested to us last week that there is a plethora at the moment of short money coming into the industry and that industrial assurance companies and others have freely and not always wisely invested money in the industry, thus encouraging the production of films to a point beyond that at which the industry really is competent to envisage?—I believe that that is a statement that I am prepared to endorse. I think there has been a very considerable amount of City money coming in, short date money which has become a very heavy burden on the pictures—I use the word instead of companies—the pictures for which that money has been provided. I think if the Committee were to call for a return from the Board of Trade Companies Department of the amount of short date loans which have had to be registered at Somerset House because they have been charged on particular properties during the last year or two, I believe the result would be rather surprising in the film business. It might be a laborious piece of research, but it might be extremely instructive on this point.

1233. Would that cover the growing practice of procuring an insurance policy at Lloyds on an overdraft with a bank?—I imagine so, yes, certainly, because the system as I understand it is this: that an Underwriter at Lloyds undertakes to provide an insurance policy to guarantee an overdraft, and the bank provides that overdraft subject to that guarantee with a charge either by the bank or by the original guarantors on a specific asset, the picture in question, or on the companies which are responsible for making that picture.

1234. I am familiar with one-ship companies, but have we got one-picture companies?—Oh, yes. I do know of companies that have made one picture and have gone out of existence.

1235. And those are registered at Somerset House?—As soon as they are charged they must be registered.

1236. An enquiry covering two years would suffice?—An enquiry covering two years I think would show a very interesting piece of information. I have found it too heavy to do myself, I was wanting to do it but it was much too heavy a task for myself to undertake.

1237. (*Chairman*): Have Somerset House got all this dissected out?—No. You would have to make a list of all the production companies that are known and then analyse the charges which have been registered and satisfied in each year.

1238. (*Sir Arnold Wilson*): If we had a British Cinema Industry Control Board such as I have suggested it would be possible for them whether by statutory Rules or Order or otherwise to regulate the amount of capital that came into the industry and thus to ensure that so far as they were concerned there was at least not a plethora, although they could not guarantee a sufficiency?—Sir Arnold, this is a new thought, as they say in America, and I am not prepared to answer it right away. I should like to have an opportunity of thinking of the implications and the functions of such a Control Board before I can see whether it could have any influence on capital. The administration I understand, but whether it could influence capital except in so far as it produced a better atmosphere in the film business, I do not know.

1239. I will turn to another point. You referred to the relative inefficiency of the cinema industry in regard to its administration. As I understand it what is required to make any productive industry efficient is a planned schedule as accurate as that which is prepared by a builder when a large building is going up, when the actual quantities and personnel for every stage is worked out to within a few hours day by day for everyone of the thirty or forty sub-contractors and sometimes more employed on a building. They have their actual dates, hours and positions allotted to them in advance, and the arrivals of material are also scheduled so carefully that barring accidents there is no possibility of congestion of bricks or of mortar, of steel or of ancillary materials coming in. Now, that is only possible in the cinema industry if blind and block bookings are allowed. Is not the difficulty of getting firm advance bookings to which you have already alluded one of the major causes of administrative inefficiency in the British cinema industry itself?—I agree that administrative efficiency pre-supposes a planned schedule, but the analogy to a building schedule can, I think, be drawn too closely. After all when you have planned your building in all its details the actual work is not an artistic job as it were, brick laying requires expertness but not artistry. Laying stones, and so on, requires expertness but not artistry. But after all, when you have planned a picture and are beginning to make the equivalent of the building in bricks, the shots which you take on the floor, there the major artistry comes in, and there you are introducing a new quality which tends to disturb your estimates that you have been basing yourselves on. But subject to that one reservation, and I think it is only there, that the question of artistry comes in and may upset your calculations, I agree that the fullest details should be prepared, the budget should be prepared in the very closest detail, and, as a matter of fact they are. The trouble is that they are not adhered to.

1240. You do not think an absence of certain guaranteed dates for exhibition for the film when complete is one of the major causes?—No. The absence of guaranteed dates is, I think, a contributory to the very much larger amount of capital required to run an English production business. But beyond that I do not think it means very much.

1241. If a market gardener knows that tomatoes will be ready, that the grocers are ready to take them in a given week, he has every inducement to plan his production to meet demands; but if there is no assured purchaser, and the only market is Covent Garden, he may allow production schedules to take second place in his mind?—I agree. But we do not control the whole film supply here. We never can get over the primary condition that the market is first of all supplied from America, which by no conceivable possibility do we control. They are made for the American market, and all the pictures being recorded in the same kind of language, or a language that we understand, come here and are shown. They are booked, and they are always formally booked, but an arrangement is made by which they have a guaranteed release at various theatres all over the country. The existence of those pictures which provides the exhibitor with a guarantee that he is not going to have much trouble during the year with his supply of pictures is such an inducement that he is tempted to fill up his dates with these proposals. I will put it no higher, and the abolition of blind booking and block booking would not affect, I believe, that situation very materially unless the British pictures were in number and quality competitive in attraction value to these American pictures.

1242. That brings me back to one point of finance. Is most of the capital now provided on a basis of a fixed charge, or does it participate in profits?—I think, so far as I know, most of it is a fixed charge without any participation, most of it. That is not the German system. It is not the American system, where loan money is provided, but in England most of the loan money is provided at a fixed rate. You pay so much for your insurance policy and so much for your overdraft.

1243. Which would you prefer as a procedure, a participation?—I would rather give participation always, a participation in profits.

1244. The dead weight would be relatively less?—If I borrowed £20,000 I have not much more than £18,000 or £17,000 available, and that £3,000 difference from £17,000 to £20,000 is the amount which is at greatest risk.

1245. With regard to the difficulty of obtaining really competent artists and technicians, I gather that the difficulty is at least as great in regard to technicians for directing management as with regard to artists, is there any system of training, any school or academy?—Well nothing of any real importance, of any real value. My own Society, I think it was at my suggestion, was instrumental in starting a course at the Regent Polytechnic in connection with cinematography that has been running for three years with increasing success, but it can never hope to provide more than the junior technicians.

1246. Is it inconceivable that the industry in this country itself, if there were to be some organisation, some unification of the industry, could it not set up a school, a series of technical schools or one technical school which would cover the whole gamut?—I see no reason why there should not be, for example, Chairs in some of the Universities as there are in America. Here is one example, a book by Professor Howard Lewis, who is extraordinarily competent and informing on the whole economy and technique of motion pictures. That deals with the economic side, if you like, but there is no reason why there should not be a Faculty in some University of motion picture art.

1247. I have a natural bias myself against including purely vocational training, technical training, in the scope of the University. But there is no reason why a school should not be established, as in many industries for the purpose of training personnel. The London School of Printing is famous throughout the world and has had a profound effect upon printing. It is supported, directed, and encouraged by the industry itself without as far as I know any assistance whatever from the Government; it has raised the whole standard of printing and has been of immense benefit to the printing industry as a whole, and it covers every aspect of printing from the study of paper to the technique of binding and the whole history both of the making and casting of type and the study of layout. As a member for some years of the Examining Body of the London City and Guilds Institute, I know of courses established by at least forty to fifty of the major trades in this country laying down what is required before a man can become a competent butcher, baker, or candlestick maker. The County Councils as far as I know do not finance these special schools?—There is the Manchester School of Technology which is practically a University School.

1248. Yes another Cloth Workers' Company have founded a most elaborate and exceedingly valuable technical institution. Is there anything of that sort at all in the film industry?—I hope it will be possible, and *pari passu* at any rate with such a Control Board as you have outlined it may be contemplated.

1249. Is it not implicit in your memorandum to suggest that artistic talent is inborn and inherent, and not an acquired characteristic? With cinema stars the creative faculty is born and not made?—I think they are more made than born. They are made by the advertising, very often.

1250. And if we had some organisation devoted to it in all its branches, you would build up before very long a school of thought as well as of action which might have very important effect on the cultural growth and would by no means exclude the humourous side which is, to my mind, I freely confess, of greater value than all the rest put together. The depressing surroundings of our industrial cities require as much as we can get of the brightest humour, and I am by no means a killjoy?—I agree; I think it is extremely possible and desirable that a future such as you have outlined should be possible.

1251. You are familiar with the origin of the Russian Ballet?—I am not.

1252. Which started with a school of ballet dancing established by royal patronage to which selected children were sent at an early age to be instructed in every possible aspect, whilst being educated at the same time, and one of the world's joys was created, deliberately created by a process of intensive education. Is it possible in your judgment to hope for such a development in this infant industry?—I say it is not impossible.

1253. But there is nothing of the sort at present?—Nothing whatever.

1254. And as far as you know there has been nothing envisaged?—I have never come across it at all.

1255. I see you carry a book upon the subject from America?—I came across this only a few days ago.

1256. What is the date of it?—1933.

1257. Is there any such organised activity in the educational side in the United States?—Oh, yes—no, there are, of course, one or two Chairs at Harvard and places of that kind; I think there is one at Columbia, Chairs of motion picture work, and then there is the Academy of Motion Picture Art and Science at Hollywood. It is financed by Hollywood, and is fairly independent as such bodies go in America. It covers mainly technical, but also artistic. I do not think it does any education work, but it is prepared to do any examining, if you like to call it that, the examining of the attainments of various classes of technicians.

1258. How is it regarded by the film idustry at large?—Fairly well. Those who manage to get its diplomas each year are very pleased with them.

1259. That is not a reply to my question?—I could not put it any higher than that. I think it is a fairly competent body.

1260. There is only one more point I want to raise, and that deals with recommendation 5 of your twenty-eighth paragraph:—"The present insistence that the scenario writer must be of British nationality should be withdrawn." Why do you single out the scenario writer?—It is the only one that the Statute insists upon as a *sine qua non* for a British film, the only one of the technicians.

1261. I agree it is scarcely consistent with a generally very liberal outlook in this country to insist on British nationality, which is by no means a qualification either of competence, intelligence, or anything else. British nationality is unfortunately exceedingly easy to acquire; scores of thousands of undesirable persons have had British people as their fathers and grandfathers, and their number is daily added to, as the birthrate shows. But would you be inclined to leave that to the unfettered choice of the production managers?—Well, another reason. Sir Arnold, that I have suggested the cancellation of this provision is the point that since 1927 the term scenarist has become far more vague in its content. At that time the scenarist was a fairly easily definable person. Nowadays the scenario is a combination of the ideas and the writings and thoughts of a considerable number of people, and I do not know who is the scenarist.

1262. It is of no more significance than the editor of a great newspaper, who gives a certain outlook and decides the outlook of the paper, but is not——?—I am not sure he is even that, the scenarist nowadays.

1263. Who is the scenario writer when one of Shakespeare's plays is converted into a film?—That is a very interesting question. I do not know who did it in this particular case, but the work consisted in preparing the scenes in such a form, in such a sequence, that the camera-man and the director could shoot it in that form and then join it up in that sequence.

1264. It has no special significance when you are dramatising a great play?—Not if you are following fairly closely. It requires an expert knowledge of what is shootable and the number of shots into which a scene should be broken up.

1265. If you take an Edgar Wallace novel and convert it into a film, Edgar Wallace is not the scenario writer?—He is not.

1266. He is the story writer?—He is not the scenario writer, but take any recent production coming from Hollywood, say the "Pasteur" picture, which I saw the other day. There are several names on it. The person who wrote the story, and the person who wrote the continuity, which is a different thing. They do not usually indicate the person who wrote the treatment, but the person who wrote the dialogue is mentioned frequently nowadays since sound has come.

1267. The scenario writer ceases to have importance as an individual?—As an individual.

1268. Thank you, Sir.

1269. (*Mr. Cameron*): I would like to associate myself with what Sir Arnold Wilson has said on this memorandum, and I have very few questions to ask because the ground has been so well covered. There is just one general point, Mr. Rowson. You have very properly mentioned at the beginning the interest of the general public, with which I feel very much concerned as a member of that public. I take it that it is your view if these particular recommendations were translated into law, it would combine our two aims, providing a maximum of protection for an important industry and at the same time securing that expansion would not be so rapid that quality would suffer?—If I thought the public were not going to get better pictures, I would not be advocating these proposals. Whether these proposals will secure it is another matter, but my belief is they will improve the quality of pictures.

1270. And it will be the right combination of those two processes?—I think it will be a combination which will prevent somebody exploiting the public rather than selling something of value.

1271. Quite. And you contemplate that there will always be pictures deliberately produced as serious pictures, but as second feature pictures?—I contemplate a future when there might be some pictures being made at considerable cost because of an arrangement which exists that will provide for those pictures a market outside England. There will besides always be some less costly pictures which will not aim "at the stars" but which will be interesting enough and entertaining enough to British audiences to fulfil the function not merely of a second feature but also in many cases of first features.

1272. Having particularly British characteristics?—Yes, an English cricket or football picture obviously could be made to appeal to English audiences where they would not appeal to any foreign audiences, and that is an added attraction and makes up for the deficiency of foreign revenue which such a picture would not be getting.

1273. Your cardinal point of principle is that the British film industry will only in its major pictures get real prestige such as is necessary for its expansion when it has a sufficient link-up, financial and administrative, with the American companies to ensure the entrance of British films into America, and consequently the wider market for the British products which justifies a larger cost on production?—That is my cardinal principle, we must look for world markets which in this case is Anglo-American markets because of the English language.

1274. One small point of detail. I did not understand what you meant by the transfer of short quota to long. It seems to me that might defeat its own ends, might it not?—I do not think so really. You take a company which has 50 foreign shorts with perhaps an average of 800 feet. There is 40,000 feet of foreign shorts. The quota, we will suppose, computed on the basis of the foreign length is 25 per cent. That means that company has to provide 10,000 feet of British shorts. It has a very great inducement to provide 10,000 feet of British shorts, because if it does not provide them it will have to provide 5,000 feet of British longs at a very much higher cost, and in order to escape that particularly heavy burden it will use its best efforts to satisfy itself if possible with the production of shorts, especially as in order to induce it I am prepared to have no cost qualification on shorts.

1275. Would you be definitely against a cost qualification for English quota shorts?—I think it would discourage. First of all, I do not know what is a fair cost to apply to British shorts in order to encourage them. The range of subject is so wide that I do not think it is at all necessary. I think if they be put into competition with one another they will make the best value they can get. If you have the cost qualification you will necessarily be creating a selling price for them which will incur the exhibitors' resistance. There is already sufficient resistance. Personally, I am prepared to recast my suggestions about shorts and to say that possibly no solution of the shorts problem can be found *unless you start from the exhibitor end.* If you create a market there, if you are going to insist that they must show some shorts during the year, then you will be creating a demand for British shorts.

1276. At the moment you are actually contemplating the continuance of the two feature programme?—There is no sign of it being relaxed. It has been increasing in America. I think I saw the other day 50 per cent. of the programmes in America are two feature programmes, which is an enormous proportion, and I suppose something like the same figure applies to this country.

1277. One more point. In paragraph 29 (the Chairman already raised this point) you criticise unfavourably a suggestion that any renter under liability to provide 100,000 feet of British film now costing £100,000 should be permitted to spend this £100,000 on British films. You say, why did they not make worth while films before? As I understand it, their answer is that they as renters without a producing organisation over here such as their parent companies have in America are expected to produce a programme of British films qualifying for quota which it would be quite impossible for them to make were they to try to do it seriously?—Well, the Act told them they had to acquire or make.

1278. Yes?—British renters were in precisely the same position. British renters either made themselves or they acquired from others.

1279. Yes?—There is no comparison between the pictures which the British renters acquired from other independent organisations and the pictures which the American companies acquired. Instead of that the American companies appear to have ordered pictures not to be as good as possible but to cost not more than £4,000 to £5,000.

1280. But then, as I understand their case, they reply to that: that is all very well, but the companies making and producing solely British films will handle them from their own renting organisations, and we cannot acquire films produced seriously by British companies. They must have them produced for themselves, and that if they were to order that footage of seriously made films in addition to the production of the big producing English companies it would create a situation which would impose an intolerable strain on studio organisations and would be impossible?—I do not think there is anything in that.

1281. You do not?—No.

1282. That is their case?—That is the case they make, but I do not think there is any substance in it at all.

1283. You mean the pictures could have been produced if they had wanted to acquire them?—Certainly.

1284. If it had been a gradual development?—If it had been a gradual development.

1285. You could not suddenly do it now?—They started with 7½ per cent. quota.

1286. And had they started then it could have been done?—And had they started then it could have been done, and it would have helped enormously in helping to produce pictures in this market that were not derisory.

1287. If it were suddenly tried now it would be impossible. It is a different thing altogether?—It is a different thing altogether. Twenty per cent. or 15 per cent. is a very big burden. Fifteen per cent. is making eight to ten pictures, and if they cost £40,000 an adventure of £400,000 output in a year is a considerable one.

1288. Your solution is slightly to lower the quota and to raise the qualifying cost clause, but not to a point that necessitates really big production for all those pictures?—The figure of 15 per cent. suggested to replace the present is in the expectation that the reduced liability for pictures will cost at least as much as the old liability of pictures on account of the boosting up of the individual cost.

1289. You would not put the individual cost up so far and so quickly as to impose an impossible strain?—On technicians and on finance, those are the two conditions.

1290. But you would contemplate that rising?—Slow steady rising.

1291. Thank you very much.

1292. (*The Hon. Eleanor Plumer*): I have really very little left to ask. In that note you put in at the beginning about the K.R.S. booking policy, your scheme would give the exhibitors, would it not, the bargaining power which they feel they need?—That is right.

1293. It would tend to form a monopoly?—I do not think there would be any monopoly. In America—it does not exist now—the biggest stimulus to production took place when this scheme was adopted in 1921-22. It is called the First National Scheme, and was the origin of the First National Company. It does not exist now in the same form, but it did give a big fillip to production. It exists in Germany in a different form, where the exhibitors do combine together to make quite a considerable number of their own pictures, but could not do it here if they wanted to, and that is why I make the suggestion they might be able to do so.

1294. I know you have always stood for the bringing together of the three sections of the industry. Do you think this would lead towards it, or tend to cause further division?—It would not have any effect one way or another in itself; but it would tend to equalise the collective bargaining conditions among independent exhibitors from which they are deprived at the present time and it would be a useful and desirable help to them.

1295. Do you envisage counter action on the part of renters which would nullify that?—I do not think so. Pardon me, I think I have been too hasty in making that reply. I should think they would hesitate to come out in open hostility to a policy which is expressly sanctioned by law.

1296. In paragraph 9 you speak of the margin of attractiveness of British films diminishing. What is the reason for that?—I think it is the American pictures are getting very much better. There was a period three years ago when there was a good deal of anxiety about the quality of certain groups of pictures, and they were not as good as they have since become. The American pictures have increased so much in attractiveness in the last three years that they are doing better for themselves than they did before and reducing the margin between themselves in "showing" returns and the British pictures.

1297. But there has been an improvement in British pictures?—But not nearly so quick. Any improvement in American pictures tells far more strongly in their favour because of their dominant position.

1298. In paragraph 22 you make a very important suggestion about access to the American market. How would that be affected by these new deals recently entered into, for instance the British syndicate which has concluded direct buying to American Universal Corporation. Does that affect the situation at all?—I hope it will. It is a first move of a substantial kind that has taken place. There have been talks of similar arrangements in the past, but they have never materialised. The effect of that collaboration between an English company and the Universal Company of America is, I presume, certain to have the effect that a number of British pictures, the better ones, made under the auspices of the English company will find their way to the Universal Exchanges and will be exploited by them. It will have the effect also of encouraging an exchange of personnel, or not so much that as the loan of the best American personnel, stars and directors and other technicians, and to that extent it is in the direction in which I am suggesting that this should take place.

1299. And do you think it is likely to be a prelude to further developments along the same lines?—What has happened there, Miss Plumer, is that an English company in order to acquire that has invested capital in an American Company.

1300. Is that how it has been done?—Yes, they bought a quarter interest in the American company.

1301. It is not the same scheme as you suggest?—It is not quite the same scheme, but the result might be the same.

1302. Is that the sort of scheme that might be developed by other companies?—Oh, no, it is not possible of development with other companies at all. Take any of them we can name, Paramount, Warner Brothers, Metro Goldwyn Mayer, they are not for sale and nobody could invest with them and nobody could make a contract with them. It happened that Universal was for sale.

1303. It does actually bring about something of what you advocated?—Oh yes, in the eventual result certainly.

1304. But it is an exceptional method?—It was an exceptional opportunity that was taken advantage of by an English company.

1305. Thank you, that is all.

1306. (*Chairman*): Miss Plumer drew attention to a passage which I myself have missed, and which did surprise me, and encouraged me on reading it, that British films have been superior in your opinion to American films?—In their attractiveness.

1307. Yes.—For some reason or other the statistics seem to me to point to the fact that they have been showing more times in this country than the American pictures.

1308. We are told by other witnesses that audiences in some districts will not sit through a British film. What is the explanation?—It is true in some districts. There are so many British films that are not good.

1309. Are they chiefly films obtained by American renter organisations? If we can eliminate their production of quickies, do you think we can get over this?—It would get over that kind of film certainly, the inferior film would tend to disappear.

1310. The major factor of the production of these inferior films is American?—Unquestionably. On that, Sir, I wonder whether you would permit me before I go, unless you would prefer me not to deal with it, but there were some questions which I read in the evidence published a few days ago about the conceivable possibility of dispensing with the renters' quota.

1311. We will be very glad to hear what you have to say?—

"Questions have been raised about the possibility of eliminating the renters' quota from any future quota scheme. The mere suggestion of such a possibility seems to me of such importance that I welcome the opportunity of stating my views on it.

"All sections in the trade have hitherto regarded the exhibitors' and renters' quota as essentially 'linked'—the presence of one implying the necessary presence of the other. The only questions on this subject that have ever been discussed have been the conditions to be attached to the respective obligations. Some exhibitors have advocated the lifting of the exhibitors' quota altogether, but the C.E.A. on behalf of its members has refused to endorse this suggestion. They have formally proposed that the 'quota' obligation on exhibitors should be continued; but this proposal was made when it was assumed, *sine qua non*, that the renters' quota would be also continued. I can visualise a vociferous claim for simultaneous exemption if it was decided to end renters quota.

"In my opinion the 'linked' quota must, for many years to come, form an integral part of any scheme designed to aid the production and screening of British films. The time has not yet arrived when either the renters' or the exhibitors' quota can be dispensed with. Only when British films can compare favourably, both in quality and price, with the competing American product can the 'quota' be lifted, and then it would have to be lifted simultaneously from both renter and exhibitor.

"The British 'long' films registered in 1935 were as follow (taken from Minutes of Evidence p. 28).

Major British Renters.	
Producer-Exhibitor companies ...	46
Others	34
Other British renters	6
United Artists	8
Other Foreign-Controlled Renters ...	89
	183

"Clearly the first effect of lifting 'renters' quota' would be the non-production of the 89 pictures by 'other foreign-controlled renters.' The cost of these must have been about £600,000, and it may be assumed that the finance for these was wholly provided by the renters. Some of these were produced by special production units in studios leased by them (e.g. Warners and Fox). In the main, however, independent production units were given contracts for the production of these quota pictures. It is notorious that in these cases the productions were exploited at considerable loss to the renters; and therefore in the circumstances contemplated the production of these pictures would certainly be discontinued.

"Even if we assume the remaining pictures will continue to be made, there would be a shortage of 89 pictures unless the British manufacturers increase their programmes to make good this shortage. In its entirety this would involve a transfer of more than £1,000,000 of productions (having regard to the more costly productions contemplated) which would have to be financed by other than the American companies. I believe the producer-exhibitor companies would be unwilling to do so. One of these companies is already producing up to its technical capacities, and the other has declared its reluctance to make more pictures than is absolutely necessary. Some of the remaining producing companies might be willing to increase their programmes if they could solve the finance problem which, in existing conditions, would probably be found difficult.

"In addition to the foregoing, mention should be made that over 30 of the British pictures registered by the British renters were required to satisfy their own quota liability for foreign pictures registered by them. It is not unreasonable to assume that some of these would not be made if the 'quota' was lifted. These 30 pictures probably represent an expenditure of £400,000 to £500,000.

"The only solution therefore is the maintenance of the existing volume of production under conditions which must give an improvement in general quality. The renters concerned would be able to provide any additional finance that would be necessary".

1312. We are very glad indeed to have that on the note.

1313. (*Mr. Cameron*): Mr. Rowson, you said you were rather doubtful about some figures that have been given to us?—I think the figure I have in mind is the estimate of the total production output of the country. 5½ millions, I think was given, and that was said to be not the whole lot. That was produced by the Federation of British Industries. I am aware, of course, of the fact that the Department put in a figure of 2¾ million or thereabouts on

Form C basis calculations. I somehow find myself quite unable to accept those figures, especially the 5¼ millions. I will tell you why. I have for some years had to make some estimate at the end of the year on the remittances abroad. In connection with that I have always had to make an estimate first of the total amount of money paid into the box offices of all the cinemas in the country, and an estimate of all the money paid out of the box offices for films to the various renters, and I am satisfied that the order of magnitude of the total film bill in the country is of the order of £12 millions out of the 35 to 37 or whatever it is representing the total payments into the box offices. Now out of this £12 millions there are first of all the distributors expenses to be paid which at 20 per cent. would bring it down to £9,600,000, and there are prints and advertising to be paid out of that which would at least amount to another million or so, much more. And out of that there is the British newsreel to be paid for, and there is then left a total fund of the order of perhaps £8 millions, or even £8½ millions for the payments to America and the payments for British films. Now, we know that the payments to America are of the order of £6 millions, £6½ millions. If you care to see it the method by which that calculation is made is contained in a paper which I communicated to the British Association 18 months ago. I think the Department has copies, but it is here. Now if we pay £6 millions out of £8½ millions to America there is only left £2½ millions or thereabouts for British films, and I cannot conceive the possibility of producing £5 millions and only getting £2½ millions. I understand, of course, the margin may be made up to a small extent by loan money, but this goes on each year and there is no prospect of the year's output being so large, there is no prospect of the revenue from the year's output producing anything like the cost. Unless they are working on a very heavy loss basis, which I am not prepared to say.

1314. (*Chairman*): We shall be very glad to have this monograph if we may. The members of the Committee have expressed to you our debt for the very instructive and lucid evidence which you have prepared for us.—Thank you very much, Sir.

(*The Witness withdrew.*)

APPENDIX.

TABLE I.

Comparison of Exhibitors' and Renters' Returns of Registered Films.

Year.	Length of "Long" Films Registered in Years ending 31st March. Amount (in million feet). Foreign.	British.	Footage of "Long" Films Exhibited in years ending 30th September. Amount (in thousand million feet). Foreign.	British.	Average number of times screened. Foreign.	British.
1932	2·96	0·93	21·49	6·89	7,260	7,410
1933	3·06	0·96	22·20	7·90	7,250	8,230
1934	3·12	1·18	23·21	9·22	7,440	7,810
1935	3·12	1·18	24·09	9·41	7,720	7,970

TABLE II.

——		U.S.A.	Great Britain.
Population	(millions)	127	45
Population aged 15 and over	,,	89·7	34·3
Admissions p.a.	,,	3,700	963
Average p.a. per population		29	21
Average p.a. aged 15 and over		41	28
Seats in cinemas ('000)		10,000*	3,872
Cinemas		14,501	4,305
Average size of cinemas		700	900
Population per seat		13	11·6
Population aged over 15 and over per seat		9	9
Population per cinema		8,800	10,500
Population (aged 15 and over) per cinema		6,200	8,000

* Estimated for cinemas open and wired for sound.

TABLE III.

Theatres (and estimated seats) in the British Empire showing English-speaking films at the end of 1934.

Country.	Theatres.	Seats.
Great Britain	4,305	3,872,000
Ireland	400	160,000
Canada	862	528,000
Australia	1,334	650,000
New Zealand	435	140,000
India	308	110,000
Ceylon	18	7,000
Malay States	57	35,000
South Africa	200	80,000
Bermudas	9	4,000
Trinidad	17	7,000
	7,945	5,593,000

TABLE IV.

Number of stages " in operation " and " building " in and near London at end of May, 1936.

Name of Company.	In operation.	Building.
Elstree.		
Associated British Pictures	7	—
Amalgamated Studios Ltd.	—	8
Joe Rock Productions	1	3
J. H. Productions Ltd.	1	—
Welwyn.		
British Instructional Pictures Ltd.	3	—
Wembley.		
Associated Sound Films Industries Ltd.	1	—
Cricklewood.		
Stoll Picture Productions Ltd.	1	—
Hounslow.		
Criterion Pictures Ltd.	3	1
Teddington.		
Warner Bros., First National Production Ltd.	1	2
Twickenham.		
Twickenham Film Studios Ltd.	2	—
Hammersmith.		
Twickenham Film Studios Ltd.	2	—
Ealing.		
A.T.P. Ltd.	3	—
Shepherd's Bush.		
Gaumont-British Picture Corporation Ltd.	5	—
Islington.		
Gainsborough Studios	3	—
Walton.		
Nettlefold Studios	1	—
Shepperton.		
Sound City (Films) Ltd.	7	—
Beaconsfield.		
British Lion Film Corporation Ltd.	1	—
Iver.		
British & Dominions Film Corporation Ltd.	5	1
Denham.		
London Film Productions Ltd.	7	—
Totals	54	15

SIXTH DAY

Tuesday, 30th June (Afternoon Session)

PRESENT :

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. H. BRUCE WOOLFE called and examined.

The Committee had before them the following memorandum by Mr. H. Bruce Woolfe:—

1. Since the Cinematograph Films Act became law a change has taken place in the relative values of "long" and "short" films. From being an unconsidered trifle of little importance the short film, by reason of its suitability for non-theatrical, educational and cultural purposes should now be considered not as a "fill-up", to use the jargon of the trade, but as having a definite purpose to fulfil. Of late years the production of "short" films has fallen considerably. On all sides we hear complaints that there are not enough of this type of subject. Educationalists declare they cannot instal projectors until there are more films of the type they require. Practically all denominations of the Church adopt the same view point; film societies, welfare centres, and all groups of people who desire to see something different from what is offered them in the cinema theatres, are of the same opinion. Short films are needed, but the Cinematograph Films Act, by granting quota and thereby placing a premium on the production of feature films, irrespective of quality, has contributed to the ousting of the short film. The main items which form the subjects for short films, i.e., natural scenery, industrial and manufacturing processes, scientific films, and natural history films are automatically barred from acquiring quota (Note 1). Any cheap feature production (provided it has spent the requisite proportion of wages to British subjects, and has been made in the British Empire) is granted quota as a matter of course. Further, if a renter is lacking quota on short films, he is allowed to get over the difficulty by acquiring features to the same amount of footage that he lacks in short subjects. Foreign renters can therefore acquire short films made in their own countries and match them with inferior British feature films. This artificial competition of long quota pictures has brought the short British film into a bad state.

2. Another factor in the paucity of short films is the tendency in the cinema theatres in recent years towards the adoption of a double-feature programme. This tendency has developed in such a manner as to seriously affect the production of short films of all descriptions. It is in this department of the cinema industry that this country occupies a proud position. Our new reels are second to none; our documentary films are recognised as being equal to those produced in any other country, while our scientific and semi-scientific or "interest" films are recognised as the best the world produces. None of these types of films, with the exception of the news reel, can be produced and marketed successfully. Unless conditions change the production of these films will cease for all practical purposes. At the present time very little is being produced in the documentary field except for propaganda purposes, while if we consider short films, we find that those with any pretence to quality are made at a loss.

3. If the non-theatrical market was extensive enough to enable short films to be produced on an economic basis it would not matter that the theatres were unable to show such films. This, however, is far from being the position at the present time. It will have a most harmful effect in the development of the educational and cultural film if the supply of the type of subject that is most desirable and necessary for this purpose is restricted.

4. Increased interest is now being taken in this field and efforts are being made to overcome the shortage of films which so handicaps the installation of projectors in non-theatrical halls, which installation is essential to the development of the educational and cultural film.

5. The position at the moment is therefore as under: The production of British short films, with the exception of News Reels, which have a specialised market, but which, by the nature of their hurried production cannot be considered as helping to develop the cinema, is severely handicapped, while the production of British made second feature films of poor quality is encouraged by the granting of Quota: and the general level of British production thereby reduced (Note 2). The development of the cinema as a medium of culture and education is considerably delayed owing to producers of the type of film necessary to add this development being unable to procure revenue from the theatres. This is owing to the fact that screen time to the extent of 25-30 per cent. of the programme is taken up by the showing of second feature films, thereby considerably restricting bookings of short films.

HOW CAN THIS POSITION BE IMPROVED?

6. In Germany, by showing a certain amount of educational films, theatres are given a rebate of Entertainment Tax. In Italy, it is compulsory to show an "educational or cultural" film in each programme. Neither of these methods are satisfactory, as both open the door to propaganda. In this country Exhibitors would oppose very strongly, and I think would rightly oppose, any measure which would enable their screens to be used for this purpose. I believe that if the short film is given a fair chance it would soon regain its one time popularity (which it has never lost with the public) and I would therefore suggest that the Clause in the Act, Part IV, Paragraph 27 (1), should be altered so that short films depicting subjects of National, Imperial or Public Interest, Scientific and Natural History films should be allowed to receive full Quota.

7. It has been suggested that a cost clause should be fulfilled by any film before it can qualify for Quota. While this may cause producers to think a little more before embarking on production, it cannot ensure quality.

8. I believe that no satisfactory solution of this problem will be found until a Committee acting under the Board of Trade Advisory Committee is

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Note 1.—Cinematograph Films Act, Part IV. 27 (1)'

Note 2.—Leading producers in this country, who have done so much to lift the industry to the position it now occupies, i.e., the second producing country in importance in the world, do not produce second features; these are made almost entirely by people who have forced their way into the industry not with any idea of developing it as an industry, but solely with the desire to sell anything from which they can make a profit.

formed to decide whether a certain picture is of sufficient quality to justify admission to Quota; in the same way that the Ministry of Agriculture insist upon a standard of quality before admitting goods to the "National Mark". In this connection it might be found possible to use the British Board of film Censors in order not to duplicate work. Every film is seen by the B.B.F.C. A large proportion would not call for comment; any that did not come up to quality standard according to the opinion of the B.B.F.C. could be referred to the Quality Committee of the B.O.T. for final judgment.

9. Placing the short film upon an equitable basis with regard to acquiring Quota as outlined above will undoubtedly assist production. Making it difficult for inferior second features to occupy screen time would open the door a little wider to theatrical bookings for short films. Unless something is done to bring about a better market for this type of film, it is difficult to see how new production of the sort of film wanted can be made possible, especially during the transition period to the time when sufficient non-theatrical projectors are installed to make production for this purpose an economic proposition. The Board of Trade admits a film to Quota; the Board of Agriculture admits a product to its National Mark. In the latter case, the award is a guarantee of quality—in the former it is a term of obloquy. Why should the term "Quota Film" not occupy the same status as National Mark goods? I do not recommend a special Quota for short films, as I believe it would create hardship in many cases, especially where the double-feature programme is demanded by the public. If quality short subjects are given full Quota, ranking equally with feature Quota the theatres would again be open to them and the rate of production greatly speeded up. Under the Act, as it stands at present, feature films are allowed to be matched against foreign shorts. If this unfair discrimination is removed and equality of status given to "shorts", they will soon come into their own.

10. If the Quota for short films is to be enlarged and made easier to obtain, there is certain to be a spate of advertising and propaganda films masquerading under the title "documentary", exactly as there has been a spate of films masquerading as "features" under the present Act. It would be possible to prevent this by making it compulsory to disclose on Form "C" any contribution towards cost received from outside companies. Renters should also be compelled to state in their returns of a particular film that they have received no contribution towards distribution. This would prevent commercial or other interests making payments to the renter that they would normally have paid to the producer. Should funds from outside organisations have been obtained by either renter or producer for the making of any particular film, it should automatically be ineligible for Quota.

11. The use of the Cinema for propaganda purposes whether political, social or commercial could have nothing but a deleterious effect upon the future of the cinema industry. We have seen its results in Russia, Germany and Italy, and in smaller countries where its effects have not been so noticeable. I consider the Cinema in this country should be as free from propaganda as the British Broadcasting Corporation. Directly individual or sectional propaganda is introduced into films, distribution will suffer. The short film, by reason of its non-dependence on dialogue can most easily be adapted for use in foreign countries. Feature films are greatly restricted in bookings to all countries other than those that speak English, by reason of the fact that they rely upon dialogue. Various means are adopted to get over this difficulty, but the results are not altogether satisfactory. On the other hand, short films which rely almost entirely upon sound effects and commentary are very easily fitted with a sound track in the language of the country where they are to be shown. There is thus every reason to expect that an increased production of short films, if they are granted Quota, would mean not only a greater supply for this country, but also increased revenue from abroad.

1315. (*Chairman*): Mr. Woolfe, you are, I think, a director of a film producing company?—That is right, Sir.

1316. Are you coming here in your private capacity?—In my private capacity, yes.

1317. And you are familiar with the whole organisation of films, and not merely the producing side?—I have had experience of all sides, although, of course, of late years my activities have been entirely on the production side.

1318. Your output is mainly instructional films?—Yes, instructional, documentary and short films generally.

1319. Do you rent them through the Gaumont circuit?—Well, those that are suitable, yes. The films that are suitable for theatrical distribution are rented through the Gaumont circuit; the others are rented through a subsidiary of the Gaumont company called Gaumont British Equipments, who are engaged in renting only instructional films apart from theatrical films.

1320. That seems rather to point to a limitation of demand for these films for entertainment purposes, otherwise you would, no doubt, use the Gaumont organisation for placing them?—Well, it is not considered advisable to have the same people handling the non-theatrical films as handle the entertainment films. In the first place, they move in a different circle entirely, they only call on theatres and circuit managers, and so forth, and they are not quite the type of person that one wants to send round to interview—as we used to interview our friend Mr. Cameron when he was at Oxford.

1321. Then how do you place these films. What organisation have you got for them?—The instructional films?

1322. Yes.—The Gaumont British Equipments has a staff of salesmen—we call them salesmen; they are not actually salesmen but they go round and visit the various education authorities and give demonstrations at schools, welfare centres, anywhere, in fact, where non-theatrical films are used or may be likely to be used; as a matter of fact they have over twenty people continually covering the country.

1323. I see that in paragraph 6 you refer to the systems that have been adopted in Germany and Italy of giving a rebate on Entertainment Tax, but you say that this method is unsatisfactory as it opens the door to propaganda. Can you explain that? Why should this method open the door to propaganda?—Well, there is a distinct obligation on the part of the exhibitor to show a film of that type, and there are quite a number of propaganda films being made in those countries; in fact I think the majority of them contain some sort of propaganda. Consequently there is a very great opportunity for the propagandists to get their films taken by people who are obliged to show what is called a documentary film.

1324. I see, but there are other educational films besides propaganda?—There are others.

1325. I do not see why this factor should be a greater incitement to show these propaganda films than for instance a quota, which compels people to show particular nationality films. I mean, anything that lessens the effective supply, I suppose, does gives an opportunity for a better position for the people within that area of supply, but it is only from that point of view?—That is so, yes. We do know since these regulations have come into force what the effect has been.

1326. Is it advertisement which takes advantage of this position?—It is commercial, mere commercial advertisement, not blatant advertisement; for instance, it is quite easy to make an educational film on the way a motor car is built. We will take the Mercedes car as the one to be selected. Well, the film shows the way that car is built, and fulfils all its requirements as an educational subject or an instructional subject, but it still contains the propaganda.

1327. (*Sir Arnold Wilson*): Does it, in fact, sell an extra car?—Well, they do it quite a good deal, so I presume they must get some effect from it. Whether they can trace these things I do not know, but there are quite a lot of films made, there are even quite a number made in this country, so they must get some effect from it, otherwise they would not continue to make them.

1328. (*Chairman*): I notice that in paragraph 8 you suggest that the British Board of Film Censors should be given responsibility for admitting to quota?—I do not think I suggested that, Sir.

1329. Did you not? You say, on the standard of quality:—

> "In this connection it might be found possible to use the British Board of Film Censors in order not to duplicate work."

?—Well, I merely suggested that because I thought it would avoid duplication of work, because every film is seen by the British Board of Film Censors, and I presume that out of the 100 per cent. films that they see there is not more than three or four, perhaps five, per cent. of them, that would call for any comment, and it would be rather a waste of time for all those films to be gone over again, but if there was somebody there who was authorised to be on the watch to say, "Well, I do not pass that particular film, I will leave that to the Committee (or whoever it is) who is responsible for that particular type of work.

1330. The difficulty would be that the British Board of Film Censors are under the Home Office, and it would be difficult for them to be also under the Board of Trade, which is obviously the Department which must be responsible for the quota administration?—Well, could not a Board of Trade official have a seat in the theatre, or somebody who is deputed to do that by seeing the films, just to avoid duplicating work.

1331. Then in paragraph 10 you fear that advertisements may masquerade as documentary films. If you could get over that, and really limit documentary films to those without any such tendency would you see any objection to admitting them, we will say, to the same advantages that you propose for other short films?—The straight documentary film?

1332. Yes, the straight documentary film?—In my opinion it certainly should have full quota.

1333. You think you can get over the difficulty of the advertising tendency?—Yes. I think if once a film starts to contain advertising matter it certainly should not be awarded quota.

1334. It is a matter of very careful watching by somebody to see that advertising does not creep in?—I think I suggested that, because it is obvious if a film does contain propaganda somebody must have given something for that propaganda to be inserted in the film, therefore I do not see why quota should be given to give an added market value to something which is being put out as an advertisement or as propaganda, because there is no doubt that the giving of quota to a film does add to its market value. There are many films which receive quota now which if they did not would have no market value at all, therefore the giving of quota does give an added market value to any film, and I do not see why that should be given to films that are being made for propaganda purposes.

1335. (*Chairman*): Thank you.

1336. (*The Hon. Eleanor Plumer*): You have mentioned, in paragraph 1, the difficulties in the production of shorts, and say that they are needed—you mean by other interests than the commercial cinema?—All types of short films are wanted.

1337. You think the shorts are wanted in the commercial cinema?—No, I do not say they want them at the moment, but we want them for the development of the non-theatrical market.

1338. Yes. I thought you meant that. Then the double feature programme to which you refer in paragraph 2—that, I suppose, has worked very much against the need for shorts, has it not?—It has because, as I explained here, 25 to 30 per cent. of screen time is taken up by the second feature.

1339. And do you anticipate that the non-theatrical market in time would be sufficiently extensive to enable shorts to be produced on a paying basis?—We anticipate that it will be a much bigger market than the theatrical market.

1340. You really think that?—In point of numbers. I do not think there is any doubt about that.

1341. Then what you need at present is a more or less temporary arrangement to help you until this development takes place?—Yes.

1342. But you think that given a temporary tide-over eventually the non-theatrical market would be sufficiently extensive for it to be possible to make these films on a commercial basis?—Yes.

1343. You speak in paragraph 9 of the future of the short films. As a cinema-goer myself I should agree with what you say, because I think short films are nearly always appreciated, but do you think the short film would oust the second feature supposing it was granted quota? You say:

> "Placing the short film upon an equitable basis with regard to acquiring quota as outlined above will undoubtedly assist production. Making it difficult for inferior second features to occupy screen time would open the door a little wider to theatrical bookings for short films",

and so on. Do you think that the quota would do all that?—If we can get some means of making it either impossible or exceedingly difficult for a bad quality second feature film to receive quota, then we shall have more theatre time for the playing of short films.

1344. You say you do not recommend a special quota for short films. That is rather contingent on the bad second feature being eliminated, is it not?—Yes, I think it will have a cumulative effect. If we can get the quota extended, as I suggest, for short films, and at the same time get the bad quality second feature eliminated—render it much more difficult for those films to secure playing time—I think that in course of time we shall find that the short film will gradually work its way back again to the position in which it was before the Quota Bill was heard of.

1345. In spite of the popularity of the double-feature programme?—Yes. I do not know that the second feature programme is so very popular in many districts; in fact I would say in the majority of districts.

1346. You do not think it is?—No, because everywhere we go we make enquiries, and we find, I should think, that in 95 per cent. of the enquiries that we direct that the people prefer to see short films. They do not want to see the sort of stuff that they say is a bad imitation of the first film that they saw, they do not want to sit for an hour through this horrible stuff in order to get to the first feature film. We meet that everywhere.

1347. That is interesting, because a great deal of the evidence we have had has been to the effect that the two-feature programme has come to stay, and you cannot get away from that. That is not borne out in your experience?—No, not by the experience that we have of individual questions.

1348. Then one last point. You make a suggestion in paragraph 8 of a Committee acting under the Board of Trade Advisory Committee to decide as to quality. Would that not be extraordinarily difficult to work?—Perhaps quality is not quite the right word.

1349. Quality is such an intangible thing?—Yes. It should be, " Is it a film that we think is worthy of being released as a British quota film? " When you say " quality " it depends entirely upon what you mean. Do you mean the quality of the photography, or the quality of the direction, or the quality of the story. It is something which must take all those things into consideration. There may be no story at all.

1350. But would it not be extraordinarily difficult for a Committee such as this to judge, to reach a decision?—I do not see why it should be. Of some of these films that we see we can say straight away, " This is atrocious, why was it made? " There is no doubt about that!

1351. I quite agree.—There are bound to be borderline cases, of course, there must be, but it is not those that I have in mind; it is the films which literally shout at you from the screen, " Why was this ever made? "

1352. I think the Committee would be quite happy there, but I think there would be a very large number of borderline cases which it would be difficult for a Committee of this sort to deal with?—That is quite material, but there are border-line cases for everything.

1353. (*The Hon. Eleanor Plumer*): That is all, thank you.

1354. (*Mr. Cameron*): The difficulty with the border-line cases is that if you get a Committee of competent people, they will, presumably, be busy people, and if they have got to see more than an occasional film now and then it will be very difficult to get people to give their time?—That is why I suggested that the bulk of the work could be done by the people who are already doing it, only the border-line cases and cases which they think should not be admitted need be seen by any Committee.

1355. I see. In paragraph 11 you make a point that

> " The short film, by reason of its non-dependence on dialogue, can most easily be adapted for use in foreign countries."

Do you find you have a market for good shorts, (*a*) in Europe, and (*b*) in the Dominions?—Yes. Of course I cannot speak for other people, I can only speak for my own company. We sell quite a number of films in France, in Sweden, in Poland, and one or two other places—I do not know quite which they are at the moment. We do not sell any in Germany now. Of course, we do not sell any to Italy now, but up to quite recently we used to sell films in Italy, in fact when the tension began to get a bit acute with Italy nine or 12 months ago we were on the point of making a contract with Garboli's organisation, but, of course, that faded out.

1356. Do you get much circulation in America?—Actually, at the moment, a company is being formed to exploit the whole market in America. There has been so much interest created that it was decided it would be desirable to start up a distribution organisation, which has now been formed and is starting to function. We have had reports already about their early demonstrations, and so on.

1357. Do you share the view of other witnesses that the important thing from the point of view of the British film industry is to get a wider basis of distribution, a wider market? In other words, to get an entry into America?—Yes, get your entry anywhere you can.

1358. And then the wider the distribution the more you can afford to spend on making the film?—Certainly.

1359. You are definitely against a cost basis for shorts of say 7s. 6d. a foot on the Form C. basis?—For short films?

1360. Yes?—Yes, I think that would be too much.

1361. If a Committee still had the right to admit into quota anything that was made of good quality, more cheaply. You would be still against that figure?—It depends entirely upon how they word the clause which enables them to bring things in if they were made more cheaply. At present it is impossible to make short films—at what would be approximately 15s. a foot, would it not?

1362. Yes, approximately 15s. a foot?—It is quite impossible to make short films, spending so much money on them as that, to get them to pay for themselves; quite impossible.

1363. That is in your view impossible?—Yes. I should say 4s. to 5s. would be nearer the mark.

1364. You think 4s. to 5s. if you were going to have a cost basis for shorts?—Yes.

1365. On your proposal would you rule out films like physical training films from any admission to quota? I am not quite sure what type of shorts you mean to exclude. In your original letter you say, " Excluding classroom films ". I wondered how you were going to define " classroom films "?—The physical education films were classroom films.

1366. They are not very easy to define, are they? I would suggest your point would be met if you cut out newsreels and advertisement films, would it not?—Then you would admit everything else.

1367. I want to see the logic of your argument?—Did you say that the physical education films should not be admitted or should be admitted?

1368. I gathered from you that physical education films should not be admitted?—You have taken a border-line case. They are a series of films which were made for classroom purposes. When they were completed it was discovered that they had quite an interest to theatres, so they are now being used in theatres, but they were never made for that purpose. It was never intended that they should be put through theatres, therefore I do not see how you can very well claim quota for them. Perhaps it is that border-line case that you Committee would be able to sit in judgment upon.

1369. Yes. So you would exclude classroom films, advertisement films, newsreels and anything else?—Any films that contain propaganda that is paid for.

1370. Yes. I was including them under advertisement films, including all that?—Yes.

1371. Everything else you would admit to quota, if they were recognised by a Committee as quota films?—Yes.

1372. And that would be a quota to set off short against foreign short?—Yes.

1373. And would you allow any deficiency in the short quota to be made up on long?—In my opinion that is what has killed the " short ", enabling renters to secure long films to make up their shortage in " shorts." It has done more to kill the production of short films than anything else.

1374. What percentage would you fix for your short quota?—Leave it the same as the other.

1375. Short for short quota, as long for long, and it must be made up entirely by shorts?—Yes.

1376. (*Mr. Cameron*): Thank you very much.

1377. (*Sir Arnold Wilson*): Mr. Woolfe, this memorandum greatly interests me, because it is the first occasion on which we have had placed prominently before us the needs, present and future, of the public, outside the cinema halls, the non-commercial public who are not paying, except indirectly through welfare centres and the like, and for that reason I attach much importance to what you say. Do you think that the trade as a whole are apprehensive of the consequences which might follow from the production of short films on such a scale that welfare centres, educationists and Church societies would be able to instal their own apparatus and show films which would to some extent satisfy the public demand for that sort of thing, and thus take away traffic from the cinemas?—There are a certain number of exhibitors who raise a howl about anything, and they are every now and again getting up and complaining about the work that we are doing in producing these films for non-theatrical purposes, but it really amounts to very little, if anything. Actually, of course, we have gone very deeply into it, because, from the point of view of the Corporation, it affects them on both sides; they are large theatre owners, they have gone very carefully into the matter, and they have found that the type of person who visits the Church hall to see the kind of programme which is sent out by our organisation is quite a different type of person from the one who visits the local cinema theatre, and they found it made practically no difference.

1378. Would the Church hall become a sort of recruiting centre for the more romantic, more sophisticated film of the halls?—I should imagine that the Church hall might induce quite a large number of people to visit films that do not at present visit them, provided they thought they were going to get the type of film they wanted to see.

1379. To what extent is the non-flam. controversy lined up with this subject?—The non-flam. controversy does not exist as far as we are concerned, because all our non-theatrical material is sent out on non-flam.

1380. Is all your material of standard size?—Both standard and 16. All the films that we make are photographed on standard size and then reduced afterwards.

1381. Do you send out programmes which include both cultural and educational and comic?—If they are asked for, yes.

1382. So as to have both sides catered for?—Yes.

1383. The lighter side?—Yes.

1384. And there is a shortage on the lighter side as well as the serious?—Of comedies, and so forth?

1385. Yes?—Yes.

1386. In paragraph 6 you refer to the position that in Germany and in Italy it is compulsory to show an educational or cultural film in each programme, and you stigmatise both as being propaganda?—Opening the door to propaganda.

1387. Well, opening the door to propaganda. If the Government of a country desires to promote physical education, is it not a legitimate activity as a part of the business of Government to say to cinema companies, " You shall show educational films approved by us which encourage physical education "? Why not?—Yes, certainly.

1388. Well, that is not propaganda?—That is hardly the type of propaganda that I had in mind. I had in mind commercial propaganda.

1389. Well, if it is certified as educational and cultural to play upon the laudable ambitions of men and women to cultivate their own bodies, to play upon the desire to ride, to shoot, or even to tell the truth, that would be, I suppose, in a sense propaganda?—Of course, every film is propaganda if one takes it as far as that, but what I meant was commercial propaganda which has been bought and paid for.

1390. Now I will come to that. There is a great deal of propaganda in the recent documentary film depicting the herring industry. That is in every sense a national industry?—Yes.

1391. Which the Government have deliberately decided to encourage. We wish to place industry in this country on the highest footing possible, as not merely being a living but a way of life which may encourage men and women to realise the dignity of their occupation and the extent to which they are really serving their own country by doing their work and doing it well, at the same time encouraging manufacturers and the owners, the employers, who see these films to employ their workmen in the best possible conditions. Now, is there really any strong element of trade propaganda in a film which has been paid for by the Herring Board?—Well, I should think that that would be their main object. It seems to me that if the Government required a film to be made dealing with any particular industry, I think if they asked leading film companies to undertake the production of a film of that description there would be quite a few companies that would be prepared to undertake that production, which would then ensure that no particular propaganda would be included.

1392. Why should it not be included for the industry as a whole? I wish to encourage British fruit as against American fruit; I wish to encourage British fish as against the tinned sardine—is that propaganda?—Yes, it is propaganda.

1393. Well, do you object to it?—Well, I do not know that I would, but I am quite sure the exhibitor would.

1394. Well, are exhibitors to run this nation entirely?—No.

1395. Is Box Office value to be the sole indication of what we may or may not do?—The point is, can you force them to take these films.

1396. It is done in Italy or Germany—why not here?—If a film is made that is not supported by the Pig Board or the Herring Board, or whoever it may be, the exhibitors will take it.

1397. It does not follow that they are right to ignore the Board set up by their own Government, by their own Parliament in their own interests with the assent of all parties?—No, that is true.

1398. You mentioned the B.B.C. as being a body which is particularly free from propaganda. Yet their news is rigidly censored day by day to exclude certain topics; they refuse to discuss altogether certain aspects of public policy. The fact that it is controlled by a Corporation does not make it less free of propaganda?—It is rather a negative type of propaganda, is it not?

1399. Well, there is insidious selection of news items which is just as propagandist as anything well can be and of speakers. Once you have individual men and women exercising their judgment however honestly and in complete good faith as to what the public are to be told it is quite inevitable that you should have propaganda. Can you really distinguish between that and the type of cultural educational film to which you allude?—I admit that it would be very difficult, but I think if one draws the line at paid propaganda it is going to be a great help.

1400. Paid propaganda?—Yes, that was what I suggested, that if any propaganda is paid for it should be disclosed.

1401. The League of Nations Union put up a sum of money for a film the other day. What happened to that film?—I do not know, I am sure.

1402. It was intended to be shown in as many theatres as possible. Would you regard that as propaganda?—Yes, but there is no reason why it should not be offered to exhibitors.

1403. You do not object to propaganda in a newsreel?—I would like to see all forms of propaganda publicly disclosed. I mean there must be some sign that it has been paid for.

1404. I see, ordered?—Ordered, yes.

1405. And in paragraph 11 you say:

> " The use of the cinema for propaganda purposes whether political, social or commercial could have nothing but a deleterious effect upon the future of the cinema industry. We have seen its results in Russia, Germany and Italy . . ."

Now, if their propaganda began to affect the cinema in those countries, was it prosperous, and is it now in decay?—Of course, in Russia it has always been Government propaganda.

1406. Has it had a deleterious effect upon the cinema there?—Well, Russian films are not seen anywhere else.

1407. Nor are British films?—You see them in quite a number of countries.

1408. Is it equally true in Germany?—In Germany the industry up to three or four year ago was a bigger industry than it was here, but since the Hitler régime it is practically nothing; all that they make is their own propaganda films, taking each other's washing, as it were.

1409. What kind of foreign film do they show—any?—Yes. I was there just about a year ago, and

I remember distinctly that there was a great hullabaloo because there was a British film to be shown there, and at the last moment they stopped it—it was one of the London Films' productions—because Bergner was playing a leading part and she was a Jewess, and they would not let it appear, but Henry VIII was shown there; quite a number of films were shown there.

1410. Has it had the effect of raising the value of such British films as are allowed to come into the country?—I do not quite understand.

1411. Most films have to be in German?—Yes.

1412. Therefore, their foreign quota becomes correspondingly valuable?—Yes, I should imagine it would.

1413. Have you any information as to that?—No, I have not; I started my enquiries recently.

1414. What about Italy?—Well, we are doing nothing at all in Italy. Quite a few years back—I cannot remember exactly how many—Italy was the leading film producing country in the world, without excepting America. Their production has simply gone all to pieces, and Mussolini is now endeavouring to resuscitate it by spending large sums of money in building large studios, but the fact remains that they are still in a pretty poor state.

1415. Was that due to the use of propaganda?—I think it had a great deal to do with it.

1416. In the only visits I have paid to Italian cinema theatres there was scarcely anything shown at all of that nature?—Do you mean propaganda?

1417. Propaganda—there was what you describe as the cultural film which appeared?—Well, we had very close negotiations with Luce to shown quite a number of their films, but we found that they were not usable because there was always that tendency in them that made them distasteful to this country.

1418. Is that at all noticeable in American films?—No, I cannot say I have noticed much in American films. I cannot recall having had any experience of being impressed with the fact that we are told what a wonderful fellow the President of the United States is.

1419. Do you not find, are you not impressed by being told what a wonderful fellow the local gangster is?—No, I find him rather amusing, as a matter of fact.

1420. (*Mr. Cameron*): So do I.

1421. (*Sir Arnold Wilson*): You regard the glorification of crime, excessive wealth and sexual immorality generally as pardonable and indeed amusing?—No, I said I found it amusing when I look at it from the point of view of a number of films, perhaps, but would you call that propaganda?

1422. Well, it is?—Every film is propaganda for something or another, whatever it is about. One may regret the gangster films, but I doubt whether you can call them propaganda.

1423. They are only for making money, are they not?—It is something like the penny bloods of my young days, it was a means of making money for somebody or other, but I do not think they were propaganda. They had their insidious effect, because I know I was desperately keen to be a highwayman at one time; that probably had a deleterious effect on me, but I do not suggest they were put out as propaganda.

1424. No, I do not suggest they were put out as propaganda, but we might have been better off if we had had a little more propaganda and a little less gangsterism?—That may be.

1425. As Miss Plumer said, we have been told that there is really no future in the cinema for the short film, that the two-feature programme has come to stay, but I confess I have never believed that. You feel convinced that with encouragement the short film would come back and come back rapidly?—Yes, I feel quite sure it would. After all, it was on the short film that the industry built itself up.

1426. Have you any experience of that in America?—No.

1427. In New Zealand?—In New Zealand they are using more short films than they are anywhere, because they have not got the double-feature programmes in New Zealand.

1428. Has that had any bad effect upon Box Office returns?—No, they do quite well in New Zealand. It is the only country that is left now where they do not have the double-feature system.

1429. Does the short film make it easier to adapt the exhibition of films to other entertainments, say in restaurants? I have seen in some parts of the world the short film in the restaurant, where people are eating and drinking and seeing a film simultaneously. You can only do that with short films in practice?—Yes, I should think so.

1430. Have you any experience of that?—I doubt whether that would ever become popular in this country. It would be rather dreadful to be eating soup and at the same time watching a comedian on the screen.

1431. A short film?—Yes, I know they do it, because I have seen it done in France, but I doubt whether it would ever be possible in this country. It has been tried. Various cinemas have been opened with galleries which have had tables set round for the serving of meals, but it did not last.

1432. You know it is exceedingly common in South America, and I believe in South Africa?—I have had no experience of those countries.

1433. (*Sir Arnold Wilson*): Thank you.

1434. (*Chairman*): Well, we are very much obliged to you, Mr. Woolfe, for coming here this afternoon.

(*The Witness withdrew.*)

Mr. J. Grierson was then called and examined.

The Committee had before them the following memorandum by Mr. J. Grierson:—

1. In preparing this case I have had the advantage of reading over the memorandum on the documentary film presented by the Associated Realist Film Producers Group. It will doubtless save the time of the Committee if I take that memorandum as read.

2. I have considerable sympathy with the A.R.F.P. analysis of the present treatment of documentary films by the Quota Act, and particularly in the following matters:—

(*a*) The present Act does not take account of a type of film which is capable of considerable exhibition value and which is of special interest from a national and cultural point of view.

(*b*) Exclusion from renters' Quota on the grounds of subject matter does not take account of the developing capacity of cinema technique and its power to make many ordinary subjects interesting.

(*c*) The operation of the special exhibition value clause has in two or three cases seemed less than just and suggests a somewhat different composition for any committee which, under a new Act, would deal with exceptions.

3. I do not propose, however, to make the same recommendations as A.R.F.P. have drawn from their analysis. The A.R.F.P. recommendations would, in effect, give protection to films on creative or cultural grounds. They would seem to involve the valuation of all short films on standards which are open to dispute. One does not envy the task of any committee which must operate on these lines. The proposals involve indeed a more cumbersome machinery than that to which exception is taken by A.R.F.P.

4. The case for the documentary film has to be seen in proportion, and the following points should be taken:—

(*a*) The documentary film is a relatively new type of film. It has a few achievements to its credit, but is principally important in the promise it gives that we shall be able to describe and discuss on the screen in interesting fashion, themes of public and national value. Describing the affairs and issues of ordinary citizenship, it must help to bring alive the life of the country to audiences both at home and abroad.

On the other hand:—

(*b*) The documentary film is still at the clumsy stage of growth and not all its efforts are exciting.

(*c*) It still retains in some instances an element of highbrow or non-popular approach. It would, therefore, appear wrong to force it on a trade which depends on popular entertainment.

(*d*) Without special protection of the type suggested the documentary film has had a satisfactory growth. Its reception by the trade was bound to be slow, but it has been more sympathetic than some of us expected. The disappointments and setbacks have incidentally been of some value to the documentary film and have forced its nose into more popular themes and warmer treatment. This is worth noting, though the strength of documentary has lain in its discovery of new materials and entirely new technical treatment.

5. The case I wish to make is, briefly, that the documentary film should not have special treatment but that it should have *equal* treatment with other films.

6. I shall propose, therefore (Paragraph 15) that, subject to certain exceptions, all short films rank both for exhibitors' and renters' Quota.

7. I suggest that the really important thing to effect is the production and distribution of short films in this country. The serious weakness of the Act is not that it has in a few instances made life difficult for documentary directors and has to some extent kept back the growth of documentary films, but that it has allowed a situation to arise where short films as a whole are not encouraged and where it has been possible to weaken the market for shorts very seriously.

8. It is true that an increasing number of short films has been registered for exhibitors' quota but this is not necessarily an indication of strength in the shorts field, and for the following reasons:—

(*a*) Many shorts have been produced through the initiative of the documentary movement. The activity of this movement does not derive from the market demand for shorts, but from a desire on the part of some vigorous young men to do work of a social value. They have found their economic basis not in the film trade but in the money made available to them by the public relations departments of the Government and industry.

(*b*) Some other shorts have been the work of amateurs who, unable to secure an opportunity in the studios, have sought in this relatively cheap field to break into production work.

(*c*) Some other shorts like *The Life of the Gannet,* though produced by commercial companies in the ordinary way, have in fact been initiated by outsiders who desired to see particular themes covered and were personally influential enough to secure their production.

9. The actual position of the shorts market is as follows:—

It is subject to serious dumping of shorts from America. Again and again I have been told when I raised some question of distribution that we can buy good American shorts for £50. Any success we have had with our British films has been in spite of this competition and it says much for the national spirit of certain renters that they handled our films at all. The situation is none the less grevious and one feels that in certain producing companies where there is already a shorts department the producers must constantly be tempted to buy cheap from America rather than risk more considerable sums in their own production of shorts.

10. The growth of the two-feature programme has limited what little market there was for shorts. The reasons for this growth are, I suggest:—

(*a*) A real popular desire to have two stories instead of one.

(*b*) The plenitude of second-feature films cheaply produced and cheaply obtainable.

(*c*) The desire on the part of renters and exhibitors to back up a weak principal feature with, as it were, an alternative story.

11. In result neither renter nor exhibitor is adequately interested in shorts outside newsreels and cartoons. They are regarded as fill-ups, to be hired and supplied without any special consideration of their value. It is a matter of fact that renters show no developed art of salesmanship in presenting them to exhibitors and that exhibitors show no art of showmanship in presenting them to the public.

12. Yet in spite of the superior return of the Gables and Garbos there is a case to be made for the protection of shorts, and I beg that the Committee will consider this case seriously.

13. Commercial grounds:—

(*a*) The short field is the logical training ground for directors and technicians. It would give employment. I have in my own unit trained some 38 directors, cameramen and technicians and 25 of these men have gone from the Government service into the ordinary service of the trade. In the past during the " quickie " and the " cheapie " era it has not seemed important to maintain a training ground for the personnel of the industry. Hole and corner direction has been the rule. If, however, with a revision of the Act a costing basis is adopted to secure better quality, a training ground is vital if the industry is to develop on healthy lines. It would appear to be important, therefore, to encourage the shorts field. In America many directors have graduated from the shorts field and it is possible to say that more strength in technique and personnel has come from the short comedy field than from any other source.

(*b*) The shorts field permits the exploitation of capital too small for large-scale production. It permits the entry into the trade of new production forces. These smaller capitals are likely to be a steadying influence on a trade which, in its present stage of development, sadly requires steadying.

(*c*) The shorts field, apart from trying out and developing new directors and new writers, provides for the trying out of new ideas. The technique of film comedy was developed in the shorts field. It is probable that the documentary film will one day emerge into the full-feature field as a new and powerful type of realistic film. In general the possibility of trying out new men and new ideas within the safer financial limits of the short film, must tend to enrich the ideas of the trade.

(*d*) On the exhibition side, I would urge that the leavening of the average programme with a single short item of more serious intention either socially or culturally would have the effect of improving the relationship between cinemas and the public and strengthening the position of the trade still further. I have urged this for some years and have received a considerable amount of agreement from eminent showmen, but I do not pretend that it is an argument ordinarily maintained by exhibitors. This, however, is apparent, that the risks of large-scale production and exhibition do not permit any other than the safest possible entertainment formulae. In the shorts field greater risks and a larger measure of experiment are possible, to the ultimate benefit of producer and exhibitor alike. A great and developing trade like cinema requires this measure of experiment. Its principals have very rightly pointed out to critics that their first duty is to the large-scale capital and wide publics of the major film business. The encouragement of the short film suggests a sensible way of meeting the difficulty.

14. National Grounds.

I have purposely emphasised the advantages to the film trade of the development of the shorts field as this I take it must be a first consideration. But the national advantages of the shorts policy proposed are also important:—

(*a*) The need for training British nationals and making the film trade essentially British in character has been to some extent lost sight of in the hectic progress of the past few years. At present a large number of able young men stand on the doorstep of the industry. The need for experts, and the tendency to rely on made reputations, which at present prevail in the expensive atmosphere of the studios, have tended to keep the door barred to many promising but inexpert young men. It is one of the more disagreeable experiences of my own unit that so many able young men have constantly to be sent away.

(*b*) The shorts field has already in its documentary section demonstrated how different aspects of the national life can be described and brought alive, and there is no way so quick and sure for presenting the face of the country to non-British audiences. Large films must rely so much on the play, and the story film is so unrelated to reality, that if the ordinary working and traditions of the national life are to be presented, one must look mainly to the shorts field for their presentation.

(*c*) A large and continuous supply of such films would have beneficial influence in Empire and foreign countries. The Foreign Office, the Industrial Development Councils and the many other organisations concerned with the projection of Britain, and the improvement of markets would almost certainly welcome such a development. The general improvement of employment which might ensue is a factor worth noting.

(*d*) Strength and stability in the shorts field must inevitably make for strength and stability in the field of television. The variety of subjects capable of treatment in short film form and the close kinship which must develop between film technique and radio technique under television, will make the shorts field an important training ground, source of supply and source of inspiration for the B.B.C.'s working.

15. In view of these arguments I make the following proposals for the Committee's consideration, subject to exceptions indicated in paragraph 16:—

(*a*) The Act should be revised to secure a shorts Quota (shorts against shorts, longs against longs). This Quota might be 20 per cent. to begin with, rising to $33\frac{1}{3}$ per cent.

(*b*) Quota should apply to both renters and exhibitors.

16. The exceptions suggested are:—

(*a*) Newsreels.

(*b*) Films presented free to exhibitors.

*(*c*) Films costing less than 7s. 6d. a foot on Form C.

(*d*) Films in which more than 40 per cent. of the footage has been shot in foreign countries.

*(*e*) Films, the production of which has not been executed by a registered director and a registered cameraman.

17. In explanation of 15 (*b*) above, the present movement to diminish renters quota is, I believe, a dangerous one. The effect of this policy would be to permit American and foreign renters to deal more or less exclusively in their own product and diminish the number of major renters handling British shorts. Competition in this matter will make for better quality, improve the market for producers, and create variety in the production policies governing the shorts film. There may, moreover, be some advantage in accustoming foreign renters and their British employees to the British article, and creating some loyalty towards it.

18. I propose that quota be allowed to films not coming within the main terms of the Act if they demonstrate special exhibition value. This phrase might, in the national interests, be defined as covering films of national, Empire or cultural value. The proposals already made permit considerable freedom to films of commercial motive and it might seem advisable in this way to give a measure of special protection to films of national value. Under this clause I see the further possibility of granting quota to films not made by British nationals nor made on British locations if the Board of Trade holds that there is some national advantage in having them shown here.

19. I suggest that a *special* advisory committee be appointed to administer such exceptions. The weakness of the present committee is that in spite of its independent members it is largely representative of one end only of the film trade. This, though the major end, is not the only interest in a widely developing field. Shorts interests are not directly represented.

It would appear to be advisable to consider the development of the film trade not only in the light of profits, but also in the light of national advantage. The increasing influence of the film on public sentiment and public opinion, and the feeling among many that the film trade is not playing its full part in promoting the national advantage, suggests that this special committee's membership might be more strongly representative of public interests. It is even possible that in its membership it should stand above commercial motives: taking account of them when necessary by reference to the interests concerned (through the main trade advisory committee).

1435 (*Chairman*): Since we received your memorandum of evidence I understand that other points have occurred to you which you would like to bring to our notice?—(*Mr. Grierson*): Yes, my Lord.

1436. Probably it would be most convenient if we ran through those first. Will you tell us what you want to say about the shortage of short films?—There is a tendency to believe that there is a very small number of shorts available in the market. The number of shorts available is larger than is generally supposed. The number you find entered in the renters' quota list is something like 87, whereas if certain other classes were included there might be another 50 added to that number. Moreover, there are many films which are not entered into the market at all, either under renters' quota or exhibitors' quota, because of the state of the market. That figure might also be put as high as 50. I know many Dominion films are not brought into the theatrical field at all because of the state of the market. We ourselves only put in what we might call our flash spots, and the others do not appear in any list. Mr. Bruce Woolfe could possible give quite a large number. The figure which looks like 87 would probably rise to 225 or 250. The second point I want to make with regard to the shortage of shorts, is that apart from the effect of the two-feature programme on the market, there is also the effect of the limit laid down by the renting interests on the length of programme, which I believe is three and a quarter hours. It is a peculiar situation in the film trade that the salesman is actually in a position to tell the consumer how long he is going to run his programmes. If that limit were taken away it might possibly help the shorts market. The next point is that the shortage of shorts is made possible by the state of salesmanship in the film trade and the habit of throwing away shorts. It is again made possible by the lack of showmanship so far as shorts are concerned. Shorts are generally reckoned as fill-ups, and I think you have had before you the phrase, " There is nothing much in differentiating shorts." That is the general exhibitor policy with regard to shorts. It may be reasonable because the showman, that is to say the exhibitor, is mostly interested in what " pulls in " his audience. Shorts do not, except in special circumstances, " pull in " the audience, and you have not only blind booking but blind buying. You have exhibitors actually booking shorts by numbers. I might cite there the classical case from Birmingham of a man who ordered 24 of the worst shorts because he maintained they cleared his audiences quickly.

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* Withdrawn or varied in verbal evidence.

1437. Then you want to tell us something about the reception of short films by exhibitors?—I would like, if I might, to withdraw the figure that I put in as the costing figure for shorts of 7s. 6d. a foot on Form C, because, on investigating the matter further I found the figure ought to be lower. I cited 7s. 6d. a foot because that is average cost of good documentary. But then we have to take account of the fact, that most of the shorts now appearing in the market and costing that amount are subsidised by public relations interests. From a commercial point of view the figure would have to be smaller, and for the following reasons. I find on looking into the money made by average shorts and good shorts that the gross takings range between £700 for an average short to £4,000 for what is a feature short. One short film which has built up a very large publicity throughout the country, and is reckoned on to give a dramatic account of current events, makes a good deal of money. I do not know what the actual figure is, but I suspect it may be in the region of £3,000 to £4,000. If you take a film like " Night Mail," which dips over into the feature class, and is booking twice as well as the ordinary short, both as to numbers and as to the amount of money received, its prospect is from £1,250 to £1,500. These figures apply to films of 15 to 16 minutes. I think you will find that the economic cost at the production end for the commercial operator is at the present time about £500, which brings your cost down to 6s. 3d. a foot all in, or 3s. 1½d. on Form C. In determining a minimum cost, if you so decide, you will have to reckon on a figure of somewhere about 4s. on Form C. This allows for the fact that if separate quota were given to shorts it would increase the market. The figure must be put low, without any great guarantee of quality, as you can imagine.

1438. Then you are going to tell us about the value of the renters' quota?—A word has to be said not only against the American renter or the foreign renter, but against the bad British production which has brought ignominy to renters' quota film. There is something to be said for the renters' quota film. It represents a subsidy to production in this country. It represents something like a million subsidy for the independent producer. If the producer is worth his salt, he has considerable opportunity in renters' quota film and particularly if there is a condition of cost attached to his making such films. There is another point. Amid the fancy finance from which we are suffering at the moment, an economic school of British production is well worth preserving. With all its faults the renters' quota does represent a very economic school of production. The principal defence of the renters' quota is that if it were eliminated it would represent a hardship to the independent producer. The independent producer, if he had not the foreign renter to go to, would be forced almost inevitably either to the two or three major English renters or to the less effective circulation one gets through the smaller renting companies. The independent producer would feel limited in his access to the public if the renters' quota were done away with. The independent exhibitor would suffer too, because if only the British renters were making British films the tendency would be for the major circuits to get first choice of their own productions. At the present moment, with the wide range of renter possibilities, the independent exhibitor has a better chance. Speaking as a producer, I think juxtaposition with the American film is to be welcomed. The American picture has elements of technique and quality which represent higher standards and challenge us to further development. And contact with American facilities is very much to be welcomed. If one is producing for an American renter there is the possibility of getting a good deal of help from the American end. I can give one example. If we were making a quasi-documentary film for Radio Pictures one would imagine the contact with Radio Pictures with " March of Time " in America would be of great value. If one's film is good there is in addition the vital contact with American distribution abroad. There is a great machine there that I take it would be readily available if one's film really fitted the world market.

1439. Then have you something to tell us as to the possibility of a second category of films. Films of a different length?—Owing to the very small monies that can be taken in the shorts field, or the relatively small monies, it is not possible to produce certain types of short film. This represents a considerable loss to the country, for these short films (and particularly the short comedy) represent a valuable field of training. So I suggest a new category be created between 3,000 and 5,000 feet in which, by reason of a lower costing basis than may be applied to the feature or second feature above 5,000 feet, short fictional, documentary or quasi-documentary films can have special protection. The costing basis I propose is 10s. a foot on Form C for documentary and quasi-documentary and 12s. 6d. on Form C for fictional types. In this matter of minimum costs I make the general suggestion that they be graded up according to the state of the market.

1440. Those films would not be documentary, they would be cartoons?—Not at all, Sir, they would be story films, narrative, in one form or another.

1441. There is nothing to prevent their being produced under the present law, is there? They could be counted in for quota now, could they not, if there was the demand for them?—So far as documentary films are concerned they would not be, under the present law, except by the special agreement of the Board of Trade.

1442. There would be nothing in the present law to prevent this. The long film must be over 3,000 feet so this would come in that category?—Except that it might come under the classification of current events.

1443. I see, they might be documentary?—They might be documentary of a narrative type.

1444. (*Sir Arnold Wilson*): Before we go any further will you give us your version of what documentary means?—I have defined it before as the creative treatment of actuality. What one means by that is that actual events have been taken but analysed from a creative point of view and given some sort of angle, some sort of narrative, or dramatic meaning. That is to say it is not a discursive description of natural events but a creative one.

1445. (*Chairman*): If it be the case that these films are not prevented under the present law, I am not clear what can be done to encourage it if there is a demand to be met. It may be likely that the exhibitors and the renters could get together and put them on the market?—One of the major points made in my memorandum to you was that these documentary or quasi-documentary films should have quota as of right.

1446. Shall we then come to your memorandum of evidence?—There is one other point that I should like to put, and that is the way in which the shorts market could be improved. I have considered the possibility of a living wage for shorts, because they badly need a living wage, but that would possibly represent an unwarrantable interference with the price paid by the exhibitor. But having discarded this consideration I think a great deal might be done, first, by having a separate shorts quota, which is the essential point, secondly, by stopping the limit on the time of the programme, thirdly, by discouraging all block booking, and fourthly, and very importantly, by allowing shorts to count against long films, if they cost 7s. 6d. for non-fictional and 10s. for fictional. I think that shorts, if good enough, and if expensive enough, should be counted against long quota. That seems to me the only finally effective way of securing the market for shorts.

1447. The fixing of the programme limit of 3½ hours, is that a modern development?—It is a development during the last two or three years so far as I understand.

1448. How would you control it? By any act of Parliament?—The only thing I can think of is that you make it one of the conditions of the granting of privileges under the Act, that renters do not do that. The renters have laid down the rule.

1449. The renters are not to interfere with the length of the programme?—They are not to dictate to the consumer as they do.

1450. With the quality test I take it that there would be a likelihood of a certain amount of present production being unsuitable for quota, if we had even the lower footage of cost; even so, you think that you could begin with 20 per cent. Do you think there is a sufficient production?—I think so.

1451. The exhibitors tell us in the case of longs, they have not a big enough margin of choice in the large centres of population, where many cinemas cater for the same group of people?—At the present moment a great number of films are not coming into the theatres at all, because of the state of the market. I am thinking particularly of the Canadian and Dominion films.

1452. You say you think about 200 of them would be suitable?—Two hundred would be quickly available.

1453. Have you any idea of the number of American shorts coming in?—I think about 650.

1454. So it is very important for the exhibitors to have an effective choice of two to every film they have got to show, and, in fact, they must have a theoretical choice of very much more because of the barring clauses?—Yes, I understand that, but I am sure if there was any security of market at all, shorts which are fairly easy and quick to produce, would be readily forthcoming.

1455. Then you say you put the amount which might be shot in a foreign country at 40 per cent.? This is rather a higher proportion than we have heard?—There are many British interests in countries other than Empire countries. I was thinking of the possibility of our making a number of films of British interests, say, in Portugal, to take a case in point. The port wine trade, for example, is entirely a British interest, and a very interesting one indeed historically. All over the world, in Argentine and other places, there is this possibility of making films of great interest from the national point of view.

1456. (*Sir Arnold Wilson*): Port wine is certainly a national industry?—Yes.

1457. (*Chairman*): Then in paragraph 18 you say:—

> "I see the further possibility of granting quota to films not made by British nationals nor made on British locations if the Board of Trade holds that there is some national advantage in having them shown here".

?—There I was perhaps carried away by my desire to see films of interest to this country permitted. I would change my view there and say that I think there should be a neutral category. That is to say films should be allowed to be carried by renters, without necessity of having British films carried against them, if these films are of cultural interest to this country, of national interest to this country, or if they are, like the Film Society's films, of special interest to technicians from an experimental point of view.

1458. And the proposal in your last paragraph is that there should be a special advisory committee to administer such exceptions. Would you think it desirable that such a committee, either itself or in an advisory capacity, should have any say over the quota in future, the level at which the quota should be fixed, or do you think that should be fixed once and for all for a stated term when the next Act is passed?—I have put down some notes about that which I should like to take one by one. The first is that, in view of the changing conditions of the film trade, it would seem preferable that some power of adjustment should be left to the Board of Trade in consultation with a committee. The conditions of the market require perhaps yearly adjustments as regards power to vary tests or stigmas, power to vary quota if production does not come up to the necessary level, power to vary the conditions under which quota is granted, power to vary costs, and power to admit new classes to automatic quota. In all these respects I feel that an advisory committee, especially one independent of the pecuniary motives of any single individual in the trade, would do valuable work. I believe, too, that this committee should be more strongly representative of the general public. It should be representative of the interests of the general public through members of Parliament; the interests of education, the interests of the arts, the interests of commercial enterprise, and the interests of this country overseas. This last is a matter which requires considerable emphasis. If that committee were so strong it would not only help in the wise administration of the Act, but it would also be a powerful interpretative body for the film trade before the public. This is a matter the film trade has always been conscious of, the lack of some front to the public, an interpretative board, a public relations channel, and I feel that the special committee would have great possibilities in that direction.

1459. Did you include the fixing of the quota ratio itself among its functions?—Yes, Sir.

1460. You would have to give longish notice of that for the trade?—I think so. I was merely thinking in general terms that adjustments may require to be made within the period of operation of the Act and it would be for the committee to make the best practical arrangements possible.

1461. Thank you.

1462. (*Sir Arnold Wilson*): Mr. Grierson, this memorandum of yours is dated from the General Post Office?—Yes, Sir.

1463. And it is based upon experience you have gathered in other fields. What was your experience in the Empire Marketing Board, for example?—In the Empire Marketing Board days we had not yet got to the hardened era of the two feature programme.

1464. Did the common people hear you gladly?—I can give you some facts about that. The key films for the Empire Marketing Board period were the films that were called the "Industrial Britain" group. "Industrial Britain" was very much a new kind of film. It praised the up-to-date young craftsmen of the new industries as distinct from the craftsmen of the old.

1465. What was the date of that?—1932 production and 1933 circulation. That group was probably one of the most successful short groups of its type ever circulated in this country. When I saw certain remarks made by exhibitors' interests before you that these films had not been wanted by the public I looked up the figures and found that 5,000 theatres altogether took these films, an average of nearly a thousand each.

1466. Who said that?—In the evidence given by exhibitors before you there was a strong indication that documentary films had not been successful. "Industrial Britain" was an example of a documentary film succeeding all over the country. It was well received not only in the West End of London, where they had probably never before seen industrial workers on their screens, but also in central England where the men saw their own lives shown.

1467. Can you give us the list of various aspects of industry which you have tackled?—"Industrial Britain" covered many aspects of industry: among others, coal, steel, and the aircraft industry. We have done a great deal for the fishing industry. We did herring in *Drifters*, the white fish industry in *Granton Trawler* and also the salmon and line fishing industries. We have done something for agriculture. In the days of the Board there was a scheme to do something for research in agriculture. One such film dealt with pasture research in North Wales.

1468. Is there any legal reason why the Ministry of Agriculture should have dropped it because the Empire Marketing Board did?—The Ministry of Agriculture has since produced two or three films. One such film was quite good: a film called *Spring Comes to England*, dealing with rationalised market garden methods.

1469. Did it go abroad?—I do not know that. It has not been within my power to circulate.

1470. So far as you can recollect what was the impression on the public of the Industrial Britain series? Was it regarded as a piece of propaganda for something or other or as a genuine amusement?—I should say genuine entertainment or we should not have got the bookings and money we did.

1471. Did the Board as a whole lose on its film ventures?—Not on the films we booked to the theatres. It should be remembered that the principal film work of the Empire Marketing Board was not in the creation of films booked to the theatres but in the part it played with Mr. Bruce Woolfe in the creation of the non-theatrical field.

1472. You mentioned the non-trade aspect of your activities and of films generally which seems to me to have a future?—It has an extraordinary future.

1473. Which has still to be realised?—Yes.

1474. But it depends largely upon shorts?—Yes.

1475. And if there are any new ventures and ideas, whether in execution or in the nature of the subject they must appear first in shorts?—I think to a large extent they might also appear in the 3,000 to 5,000 feet field, if the basic cost set is not prohibitive.

1476. But the short is necessarily an experimental field?—It is a useful field for experiment.

1477. Your Industrial Britain series had great success in the theatres. Did they penetrate into the non-theatrical field at all?—We reckon these films have a new and additional life in the non-theatrical field. In the theatres they reach the popular audiences. In the non-theatrical field they reach another audience which is slightly more studious and somewhat more concerned with discussion and with public affairs.

1478. Did you reduce films to 16 mm.?—All of them.

1479. They found a market?—Not a market. The non-theatrical film does not represent a market; it is largely a subsidised or sponsored field. It is worth our while as educationalists to provide films and projection facilities.

1480. What is the object of the work you are doing for the Post Office?—To improve the public relations of the Post Office, to bring Post Office activities alive to the general public.

1481. As an alternative to paid advertisements in the press?—It is not exclusive of paid advertisements in the press because these go on at the same time. There are two sides to public relations. The first is the creation of goodwill, and the second side is direct selling, which is best done in the press.

1482. You would not get the goodwill of the press if you did not advertise?—That is also a point.

1483. No Postmaster-General was ever praised in public until he had a large advertising allotment?—I have heard that remarked.

1484. This Advisory Committee you have mentioned here. I think nearly every thoughtful person who has been before us has had something to say about the Advisory Committee which should not be quite the same as the present one for various reasons. What you say as regards the present Committee would unquestionably be accepted by the members and it is not its business in general to undertake the examination and the discrimination which you would place upon it?—I understand that.

1485. But when you suggest that the membership should be more strongly representative of public interests and its membership should stand above commercial motives you are placing a very heavy responsibility on it because, if its attitude conflicts with commercial motives, it is apt to commit suicide?—I presume it would consult very intimately the commercial interests through the main Trade Advisory Board.

1486. What is the main Trade Advisory Board?—The present Committee. I am thinking of two committees, the main Trade Advisory Committee for the actual operation of the Act, for going into, let us say, any legal cases under the Act, and also this special committee which would work the exceptions.

1487. You appreciate the present Committee has exceedingly restricted Terms of Reference and it is really beyond its powers to deal with anything of this sort at all under the present Act. It will be necessary to establish a new Committee?—I imagine a new Committee would be necessary under any suggestion like this.

1488. You suggest that it should be more strongly representative of public interests. You mention the general Box Office public?—Yes.

1489. What about the interests of education?—I mentioned that too in my supplementary remarks at the beginning.

1490. Would you regard that as covered by a representative of the Board of Education?—I think there are wider educational interests in the modern world than are represented by the Board of Education. We regard our so-called propaganda work as very deeply educational, and when you add the many educational interests of the B.B.C. the result is a wider field than is represented by the Board of Education.

1491. Have you collaborated with the B.B.C.?—We have been in close touch with them.

1492. Have you ever done a film for the B.B.C.?—We did make a film for the B.B.C. and during the year or eighteen months during which it was being made we had a close insight into the workings of the B.B.C.

1493. Do you regard the present organisation of the B.B.C. as one which has succeeded in keeping in reasonably close touch with the public?—Yes, I think so.

1494. And yet there are no Members of Parliament in the Corporation. Its contact is not through the Board of Governors which is certainly not in close touch with the public at large, but through its own staff?—I do think some of the committees reach very widely——

1495. But those are *ad hoc* committees of which there are at least half a dozen?—They suggest lines on which the special film committee could be formed.

1496. You accept the B.B.C. as being a reasonably good example of an unofficial and elastic organisation?—For an organisation with its many responsibilities in many parts of the community, we all agree to its having succeeded in principle.

1497. The B.B.C.'s public relations officer who is not unknown to the Post Office?—Yes, Sir.

1498. Do you think that it would be a good thing for the film industry if, apart from the Censor, it maintained a public relations officer who could enlighten the industry as a whole of tendencies and ideas?—They badly need, not some individual but some organisation which will interpret the wishes of the public a little more wisely than they are interpreted by the Box Office at present. There are long range and necessary policies which are largely forgotten in the sweat of daily competition.

1499. You have felt the need of some man or some office which, representing and able to speak not for but to the cinema industry as a whole, would be open to impressions and advice, and discussions, and would be the medium through which the directing commercial heads of the industry would be kept in touch with what is going on through Great Britain?—I think it would be most valuable because any good public relations department must represent not only the film trade to the public but also the public to the film trade. That is the more vital part of public relations as I see it.

1500. Supposing, for the sake of argument, there were to be established under the direction of His Majesty's Government (whether under the Board of Trade or some other office is not material for the moment), a British National Cinema and Film Industry Board with certain powers delegated to it which are at present by Statute exercised by the Board of Trade, and some powers such as those which are at present unofficially exercised by the trade such as that of the censorship, and with certain powers too as you suggest in your memorandum to modify from time to time the actual practice of industry, to decide when there are differences within the industry as to what does or does not constitute a film of special exhibition value and what is or is not a short; what is or is not educational; and if there were to be a public relations officer maintained by the Board, which would endeavour to unite and co-ordinate the cinema industry at the top whilst the component parts retained their individuality, do you think that that would in the long run contribute to the stability of the industry?—If I may give my personal reaction to that question I should say definitely yes. Perhaps reasonably, and because of the conditions of the film industry, there is a great deal of anarchy in it; on the financial side particularly so. On the other hand, the film industry is a difficult industry. It depends on the intangible values of Box Office appeal and entertainment, and control might be bad as well as good for it. It is some power of adjustment rather than one of control that is needed.

1501. That has been equally true of the B.B.C., but its licensing fees would be the first indication that control had been over exercised. One must always accept that as the necessary feature of any control?—Yes.

1502. You are a Government official, and therefore you can express your opinions with greater freedom, perhaps, than many men with your experience who are in it—has it occurred to you that the film industry is threatened with a certain lack of stability due partly to the financial anarchy to which you have alluded and as to which we have had evidence, but due also to the fact that public taste is fickle and there might be a rather sudden swing over?—I do not believe that public taste is fickle.

1503. I agree it is a cliché and I am glad to be corrected.—There is a great continuity for certain vital things. Epic for instance, and comedy also, have had great and continuous success.

1504. The industry has evidence of real permanent stability. Looking back over your fifteen years' association with it, do you see any real tendency to swing over to a new form of film?—I think the continuity has been fairly smooth, even the continuity between silent and sound. We always had sound and not silent films, and it was merely the machinery that changed.

1505. Thank you.

1506. (*Mr. Cameron*): You think, Mr. Grierson, that there is a considerable overseas market both in Europe and in the Dominions for shorts, do you?—I see the beginnings of it now. Within the last year there has been a certain increase of interest in America for shorts from this country. We ourselves have sent over some 11 films during the last six months. There is certainly a taste for British shorts in the Scandinavian countries; we have sent films to Belgium and Portugal; and some have gone to Australia and New Zealand. There is the beginning of something worth developing. We, as a Government department, with our entire commission in the British field, are not in a position to develop that as we might otherwise do.

1507. That development is consonant with other evidence we have had.—If the whole situation were taken up and some energy applied to selling short films abroad we could build up a worthy market. The shorts carry a presentation of this country that is not possible in the long films.

1508. You are definitely of the opinion I gather, that the more we can link up financially with America in order to secure the entry into America and distribution there of our products, short or long, the better it will be?—I believe the real line of strength is from America and not from Europe. The mind of the American film is nearer to our mind than the mind of the Continental film.

1509. We should make as much contact with America as possible?—We should exploit our American contacts much more than we do on both the production side and the distribution side. They have still to give us the secret of their gusto. They have certain vitalities we have to capture if our films are to be as good as theirs. It is a matter of necessity and not only a matter of advantage.

1510. You spoke of the 3,000-5,000 feet group. It is an obvious group but you were not suggesting it should be a legal group?—I was suggesting.

1511. Why?—The cost would have to be lower in that field than, say the cost laid down for long films over 5,000 feet. The cost basis for long films has been put by certain representations at 25s.

1512. Yours was a recommendation to withdraw the 3,000-5,000 feet group from whatever cost basis might be given?—And allow these smaller costs so that a chance may be given to short comedies, and stories, and quasi documentary films.

1513. You said shorts might be set against long if they cost as much as 7s. 6d. on the Form "C" basis. That means assuming again a cost basis for longs?—Yes.

1514. In addition to having a short quota with short set against short you would allow special shorts also to be set against long in addition to and apart from short quota?—That is my case. I think on examination it will be found that is the only secure way of finding a market for shorts. It would be an advantage to the producer who spends some considerable money on shorts.

1515. So as to get them, so to speak, into a different category?—As far as one can see it is only in exceptional cases that you can now bring back money on an expenditure of 15s. a foot all-in. If you are going to have 15s. a foot as a minimum all-in production cost for the shorts quota then I am afraid you will have to be subsidised. It may throw the field into the hands of the propagandist. I do not mind, because I am one, but it would be an unhealthy thing for the industry.

1516. In admitting shorts to the 4s. quota you would allow advertisement films and propagandist films to come in providing they were not presented free to exhibitors?—In so far as they were on the ordinary renters' list and had to be paid for by exhibitors they would have to pass the test of entertainment. If they did not, there would be no advantage in leaving them there with the renter. That forces an entertainment quality into the advertisement and propaganda film.

1517. You would not exact any kind of quality clause in admitting a short for quota? *Night Mail*, for example, and a coloured journey round some sugary scenery would carry equal weight?—There have been too many quarrels on questions of quality. There was a wide difference of opinion over *Key to Scotland*. One does not like to see the quality business coming along. It is too difficult and open to dispute.

1518. You speak about registered directors and cameramen; I am not clear what that involves?—On consideration I shall have to withdraw that. It is difficult to see a means by which directors and cameramen can be registered. I had thought to avoid the situation where almost any amateur could go out and turn the handle and count his film for quota. But I doubt whether a 4s. a foot film can stand a full blown director and cameraman.

1519. Probably a certain amount of amateur stuff would come in?—Inevitably. If it does not come up to the costing basis it can apply to the special committee to be given quota or have exemption.

1520. At the beginning of paragraph 18 you say, "I propose further that quota be allowed to films not coming within the main terms of the Act if they demonstrate special exhibition value." I am not quite sure what you mean there?—I am thinking of the exhibitions of films which do not come up to the 4s. limit. They might apply, as we now do, for a quota under the Act, if they think they have special exhibition value.

1521. That is a distinct point from your suggestion of the neutral category for the cultural films?—Yes, but I would emphasise the word national rather than cultural, in relation to the neutral category.

1522. There are obvious possibilities of reciprocity there in that neutral category?—I think so.

1523. You suggest the Committee should adjust not only the percentage of quota during the currency of the Act, but any cost basis that might be set up for any type of film?—As a consultative body of the Board of Trade, it might concern itself with these many and varied points.

1524. You envisage two sliding scales for cost basis and for quota percentage?—Yes, in each case I have suggested that. In other words it would be within the powers of the Board of Trade to change the cost basis if the market were being flooded.

1525. It would have to be set up with certain terms of reference and telling it to do certain things, and to have regard for example to the interests of the general public?—You might even have a member sitting permanently at the Censor Board to keep a watch on the quality of the British films and report any scandals under the Act to the Central Committee.

1526. (*The Hon. Eleanor Plumer*): You suggest doing away with the limitation of programme to 3¼ hours?—Three-and-a-quarter hours might be done away with.

1527. Do you think a programme lasting longer would tend to sanity or enjoyment?—I think an extra ten minutes might give an extra short. I am prepared to face the possibility of the insanity of the public if we have the extra shorts.

1528. You feel that that would be necessary in view of the fact the two-feature programme is a thing that has come to stay?—Yes. I believe the two-feature programme represents a real demand on the part of the public, and it is foolish to think of doing away with it.

1529. In paragraph 13 you speak of the short field being the logical training ground for directors and technicians. We have had evidence of the lack of skilled personnel. Do you think the short field would be able to supply the deficiency?—I think it would help to supply the deficiency. The situation is now that because Britishers have not the necessary expert knowledge, the field is thrown into the hands of the foreign expert. Here is a means by which more men could be trained.

1530. Could you increase that number without hampering your production?—If we are to have trained men coming along in a couple of years we must dilute our labour. And sometimes we dilute too much. But one has to face that problem in the ordinary course of a developing business.

1531. (*Chairman*): We are very much obliged to you for your help.

(*The Witness withdrew.*)

SEVENTH DAY

Tuesday, 7th July, 1936

PRESENT:

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. CAMERON, M.C., M.A.
Mr. J. S. HOLMES, M.P.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. IVOR MONTAGU, representing the Film Society, Ltd., called and examined

The Committee had before them the following memorandum of the Film Society:—

SCOPE OF MEMORANDUM, TYPE OF FILM DISCUSSED, DEFINITION OF THE SPECIALISED FILM.

1. In 1925-6 there was established in this country a society registered "not-for-profit", the first of its kind in the world, the Film Society, for the study of specialised films. The object of this Society has been mainly but not exclusively (lecture courses, the production of experimental films, etc. have also been organised), the making available to its members of films of interest in the study of cinematography but not available otherwise.

Films of such interest may be so owing either to novelty of technical treatment, or to novelty of theme as subject of cinematograph expression. They may be of interest owing not to novelty, but to significance in historical development. They may be of interest owing not to treatment or theme, but to their expression in terms of some foreign, and particularly unfamiliar, culture, on which they may throw light. In whatever category they may fall in respect to their interest, they are suitable for Society study, however, only if, by virtue of their age, experimental character, exotic provenance or other factor, they are rightly or wrongly regarded by the trade as unsuited to popular exhibition and therefore they are not available for viewing in the ordinary cinema.

From the characterisation above it is to be noted that, by definition, the "specialised" or "Society" film is particularly often a foreign film. It has happened that a film produced in this country has been of so novel or experimental a character that its exhibition qualities were not appreciated by the trade until subsequent to performance by the Film Society (notably is this the case with a whole class of innovating documentary films such as those produced by the Empire Marketing Board and G.P.O. Film Units), but in general films produced in Britain are rarely so produced without an envisaged or even pre-arranged path of British commercial exhibition. Whereas very frequently, for one reason or another, a foreign film with full possibilities of commercial exploitation in its country of origin, is not of general interest to the public of this country, and could not in this country be at all seen or studied but for other than the normal commercial channels of exhibition.

It is with films of the type above described, and the effect upon them of the Cinematograph Films Act, 1927, that this memorandum proposes to deal.

The Societies and the Specialised Halls.

2. During the years since 1925-6 a number of provincial societies, working similarly not for profit, and similarly restricting exhibition to subscribing members and a limited proportion of invited guests, have followed the example of the Film Society.

The work of the Film Society has very generally and very generously been recognised by the most varying authorities as wholly beneficial to cinematography in general and to the British industry in particular. It should be noted that the Society has throughout enjoyed the kind and courteous assistance of the trade. Among the ways in which its work has been recognised as beneficial are the following:—

(*a*) The introduction to British production (many studio technicians, directors and producers are among its audiences) of new methods of technique.

(*b*) The introduction to British production of new personalities. (A list of personalities, both British and foreign, who have later, by general consent, contributed to the lustre of British production, and whose work has been first exhibited in England by the Society has been from time to time compiled and need not be here repeated. It is in any case formidable.)

(*c*) The introduction of films to new strata of British intellectual life (a factor which, it has been observed, has on occasion interested new sources of capital in the films generally).

(*d*) The introduction of novel themes and novel methods to audiences, and indirectly, the consequent expansion of the field of interest of wide audiences.

3. These activities, particularly the last, have prepared for and are, in fact, now supplemented by, the intermediate stage of the small specialised cinematograph hall or theatre. The pioneering work of the Societies has created an interest in the specialised film among audiences sufficiently large to be catered for by such small theatres, and in turn, the small specialised theatre, by acting as a testing ground on a rather wider scale for specialised films of at least the less experimental type, serves to carry a stage further the beneficial work of testing of new personalities and techniques on British audiences, and still further expansion among wider audiences of new themes, initiated by the Societies. The work of these theatres is conducted for commercial profit, but that their activity has this useful side has been recognised, for example, by the report "The Film in National Life", the recommendations of which, it will be recalled, led to the foundation of the British Film Institute.

Who can be found to distribute a Specialised Film?

4. If the specialised hall wishes to show a foreign film, even if that showing be the only one in England and the film be obtained direct from and returned direct to the owner, there must in the transaction, for the purposes of the Act, be a middleman, a renter or distributor to register it.

Who is to act as renter for it? No renter will lightly use up his foreign quota upon a film which, in advance, is expected to book to only one or two theatres.

Certain big British producing firms, it is possible, distribute less than their quota of foreign films in the normal course of their business. These, if willing, could without expending all their available foreign quota, register films for these small theatres. Requests to this effect have in the past been made to some such firms, but rarely if ever been acceded to. It would indeed have been unreasonable to expect otherwise, for such a request is tantamount to asking one commercial concern to trouble itself with a number of formalities out of the usual run of its activity, for no return and, however philanthropic an object, the incidental benefit of another commercial concern. This method is impractical.

It is obviously quite impossible for the small specialised theatre exhibitor himself to start a formal renting organisation and produce or acquire the necessary equivalent of British films. The best income possibly to be expected from the exhibition of specialised films is a few hundred pounds, the cost of production of films, even of the not altogether creditable type termed a "quickie", runs into several thousands. To expect this solution is tantamount to demanding that no public exhibition should take place of specialised films unless the exhibitor were prepared and able to invest many thousands of pounds in production, an obviously impractical limitation.

How then do the specialised theatres in general manage to exist? Some (a retrogressive move), by means of a high proportion of revivals. But in general, since without some novelty they could not persist, by persuading distributors with a margin of British quota to register some specialised film that is of such a character that, with luck, it may possibly expect a wider exhibition than in the specialised theatres only, and therefore be worth the distributor's while to register. This means that, of novel films, those tend exclusively to be shown which are least experimental, in other words, experiment, the chief and most to be applauded activity of these specialised theatres, is discouraged.

Even so, many would be even more severely handicapped, or even unable to carry on, without the present assistance of the Film Society.

The Film Society's Assistance to the Specialised Theatres.

5. Early subsequent to the passage of Cinematograph Films Act, 1927, it became apparent that, as unforeseen consequence, the specialised theatres would find it impossible to obtain a sufficient supply of films, particularly of experimental type. They applied to the Film Society, which had until that time been accustomed to assist them with advice and encouragement.

The Film Society conducted conversations with the Board of Trade, pointing out that the strict operation of the provisions of the Act would here destroy a beneficial activity, wholly uninjurious to British films. It announced its intention of acquiring a renter's licence, and acting formally as distributor of such specialised foreign films as might be required by the specialised theatres and for which they could make no other arrangement, always provided that such films should, in the Society's opinion, be such as from the cultural point of view should desirably be encouraged. This the Society has done. It should be noted that the Society has never engaged in the "business" of renting and propagandising the distribution of even such films up and down the country; where, for example, a film introduced and registered by the Society became in general demand (Mädchen in Uniform) it was transferred to a commercial distributor.

The Board of Trade gave no undertaking, but have in fact initiated no prosecution against the Film Society for this activity. In discussion the Board of Trade has explained this forbearance by the fact that the Society does not propagandise the films for which it acts as formal distributor, but awaits applications for them, and further that a single showing in London at a specialised theatre may be regarded as in some sort a trade show, the foreign film thus shown only to require a British film equivalent if, being successful, it becomes taken up elsewhere.

Unsatisfactoriness of Present Position.

6. The present position is particularly unsatisfactory for two reasons, one of signal importance, the other of less importance except to the Society.

In the first place the law and the attitude of the Board of Trade above described has made impossible the development of the specialised film theatre movement in the provinces. If there be any cultural advantage in the specialised film theatre movement, surely the provinces should not be excluded from that advantage. The reason for which the specialised theatre movement should be tolerated, and that activity which enables it to persist be exempt from prosecution, is surely not primarily to enable a show window that may promote subsequent sale of foreign films commercial possibilities of which would otherwise be missed, but to enable for their audiences the cultural advantages of the exhibition of films they should see but cannot otherwise see (it should be noted, of course, that admission to such theatres is much cheaper than private film society subscription for single performance can possibly be, and further that many persons, among them some film technicians, cannot attend at the times of the single performances of the film societies). If there be any case for encouragement of the public showing of specialised films at all, that case is surely equally strong for enabling them to be shown in the provinces.

Second, the Film Society has no wish to engage in this work of registration. The technical work of the Film Society, except for that of the secretary, is conducted entirely voluntarily. Formalities which are too much of a nuisance to be undertaken by large British production companies that have British quota in plenty, as above, are a severe strain on the voluntary resources of the Society. So long as it is the only body in practice unprosecuted by the Board of Trade and therefore the sole body in a position to enable the continuation of what it regards as the culturally desirable work of the specialised theatres, it must of course strain its resources to meet the situation. It regards a modification of the position, however, as highly desirable if only from this selfish point of view.

The Society would in general draw attention to the undesirable and inhibitory effect upon any praiseworthy activity of doubt about its legal status, and would advert to the point, cited above, that the general tendency of the present position is to discourage even the special theatre from showing the more experimental type of film.

Necessity for Present Representations to the Committee.

7. The situation as outlined above has hitherto been acquiesced in in spite of the disadvantages as set out above. The compromise: that the society has registered foreign films without British quota and that the Board of Trade has not prosecuted, in view of the fact that it held such activity in this specific case non-harmful, could be tolerated only by virtue of the fact that it was a solution to a dilemma not foreseen by the Act. Had the society been obliged to face a prosecution, it would have been in a position to point out that its offence was committed to keep alive a cultural activity the Act had not intended to destroy.

The appointment of the Committee has altered this position. It is clearly to consider and to recommend removal of such anomalies, as may have been the unforeseen consequence of the Act, that the Committee has been appointed. It is in view of this circumstance that the society has felt obliged to bring the position to the attention of the Committee. The society has felt that its moral case for exemption from prosecution would no longer hold good if it did not at least submit the matter to the Committee in order that it might have the opportunity, if it should so see fit, to recommend that the matter be dealt with by amendment of legislation.

The Film as a Social Document.

8. Before proceeding to constructive proposals for such amendment, the Society desires to draw attention to one similar unforeseen consequence of the Act which would automatically also be covered by such proposals.

This consequence does not directly affect the work of the society, since its objects and activity are entirely non-political. The society's concern with this matter is that it is jealous, in all circumstances, for the recognition of the film not merely as an article of commerce but as a vehicle for the conveyance of culture, of art, of ideas.

The society submits that the film is just as much, at least potentially, an article of culture as a book, a play, a musical score.

It is true that a film is not only an article of culture, it is also an article of commerce, and the result of an industrial activity by many people. From these points of view there is doubtless a strong case for not exempting it from protective duty, like a book, and for subjecting it to protective legislation, like that of the quota, as the Ministry of Labour protects play production by control of permits to foreign labour.

But none the less its character as a vehicle of culture should not at any time be ignored.

The Act of 1927 did make exception for foreign films of certain directly educational, geographical, industrial types, but the story film of any kind was subjected to unrelieved rigours of quota exactly as though it were solely a commercial article as is, for instance, a piece of soap.

With this consequence: the considerations set out above in respect to the difficulty of complying with the provisions of the Cinematograph Act of 1927 respecting renters' quota, in circumstances of exhibition to the public of experimental films at the specialised theatres, applies with no less force to the exhibition of foreign social and political films.

It should be emphasized here that there is no question of seditious or immoral films, which are always liable to police prosecution. The question is in respect to films which, possibly quite rightly, are held by the British Board of Film Censors not to meet certain requirements of non-controversiality of theme, etc., necessary when giving certificate for country-wide distribution. Many such films, from the British-made Cavell-film "Dawn" to various foreign films, have been subsequently approved by local licensing authorities for exhibition within their area, and have been thus exhibited without any resulting disorder or police objection of any kind.

Yet consider the consequence of the Quota Act in this connection. Suppose a foreign film to have been approved for exhibition by a local licensing authority, and suppose a man to desire, as the law otherwise permit him, to exhibit it to the public, even only once, in that locality to propagandise its social purpose, he can do so only if he contrive its registration for distribution, in other words if: (*a*) he have enough money to acquire outright a British-made film (at a cost of thousands of pounds; if certain minima now recommended by various bodies to the Committee are accepted, even many thousands); (*b*) he can induce an existing distributing organisation with " free " equivalent British quota (in practice a large and wealthy organisation) to register the film.

In other words, in practice, the effect of the Act is that a foreign film not sanctioned by the Trade Board of Censors can, even if sanctioned by the local licensing authority, be shown only by grace and patronage of persons of more than ordinary wealth.

This has surely introduced a novel limitation on the rights of the individual, novel when compared with the freedom of expression secured to him in other fields. From another point of view, it is a novel limitation upon the rights of local censorship sanction by local government authority, secured by the Cinematograph Act of 1909. It is not the purpose of this memorandum necessarily to argue that such limitation cannot be justified. It is, however, surely repugnant to the traditions of British legislation that, if just, a novel limitation of the liberty of the individual and of the powers of local government should be effected not overtly, but as unforeseen consequence of an Act passed ostensibly for commercial protection.

Solution: the Exemption or Special Taxation of Specialised Foreign Films.

9. The society makes no special claim for exemption of specialised foreign films from all contribution towards British production. The legislature has accepted the principle that exhibition, and distribution, of foreign films should contribute towards production of British films, and the case we have set out above is a case for *making at all possible* the showing in public of foreign specialised films, not necessarily a case for their total exemption from all contribution. (It should, however, be noted in this connection that a specialised or experimental film, imported for one single private society performance and then immediately re-exported, pays already the same protective tariff as a commercial film which may earn hundreds of thousands of pounds). The trouble is that even one specialised foreign film which can never be expected to earn more than a few hundred pounds or even less than a hundred, under the present distributor's quota, must be balanced by at least one British film costing many thousands. The society suggests that, if total exemption be considered undesirable, there might be a special tax on the gross earnings of specialised films, which could be paid by their distributor to a fund for British production, as an alternative to the acquisition of British product. *Even if the total gross earnings of such films were taken* for such a tax, the burden would be far less than the necessity to acquire British product, the cost of which is so many hundreds per cent. in excess of such gross earnings as to constitute an absolutely prohibitive obstacle. There seems no reason in equity, however, why the figure should exceed a percentage of the gross takings equal to the percentage of footage imposed on renter's quota currently for commercial films.

A difficulty may arise in the definition of a " fund for British production." This should not however be insuperable. A method that would avoid all evasion would be to pay direct to the Board of Trade, which could allot at its discretion to any national or educational film production enterprise that met with its approval.

Classification of Specialised Films: Opposition to a Quality Certification.

10. The sole serious difficulty confronting the above proposal is the classification of the category of specialised films. In the next section, however, the Society will submit a solution.

Here it only desires to go on record as opposing any method of certification, or quality clause.

Interpretation of a quality clause or certification is bound to cause heart-burning and controversy. There are many cases of films indubitably experimental, obviously unsuited to the wide public. But, on the other hand, there are films—as Chinese—which though made as ordinary commercial produce for their own country, have here only a cultural and not an ordinary commercial value. Further, there are many border-line cases, as the aforesaid " Mädchen in Uniform."

A classification on a quality clause might be a *pis aller*. But the Society submits there is a more reliable solution.

Classification by Narrow Limits of Exhibition.

11. What is the characteristic of the specialised film which entitles it to a case for encouragement? What is the characteristic wherefore its exhibition cannot injure or compete with British production?

The fact that it is, indeed, so very restricted in exhibition. No such film can run for more than a very few weeks, if it could it would immediately leave its category and enter the category of those suitable for commercial exploitation and liable in justice to come under ordinary quota responsibilities. But no distribution *business*, competing with British produced films, could possibly be built up on a basis of films allowed to run only a very few weeks.

The Society suggests that the following might be taken as characteristics defining a specialised film:—

(*a*) not more than one copy on distribution;

(*b*) not exhibited for a total of more than so many weeks in any one year. (Even only ten, of which four weeks at least had to be in the provinces, would greatly improve the present position; the number might however well be slightly larger. This period of weeks to be understood, of course, as all theatres totalled together—this follows automatically from the rule of not more than one copy on distribution.)

(*c*) there might be a further provision defining the size of theatre and period together, to ensure that " big business " evasion would be prevented (i.e. specialised theatre size to be taken as averaging 500 capacity, and two weeks at one theatre seating 1,000 would be taken as equivalent to four of the average weeks).

If a picture, originally registered as " specialised ", were to meet unexpected success and run any more abundantly, it would leave the specialised category and could fairly be called a commercial proposition, requiring transference to a real distributor with quota footage equivalent, before being allowed to be booked beyond the " specialised " limit period.

Summary.

12. The proposals above set out are devised to meet a real difficulty. They have been discussed and unanimously endorsed in principle at a meeting attended by representatives of the following Film Societies: Billingham, Birmingham, Edinburgh, Leicester, London, Manchester and Salford, Merseyside, Scunthorpe, Tyneside and Wolverhampton.

The activity which they are designed to permit is generally agreed to be beneficial and cannot possibly be regarded as harmful to British production.

At present this activity, the exhibition to the public of " specialised " films, is inhibited in its development by the existing law. Indeed it only exists at all by virtue of the tolerated breach of the law by the (London) Film Society.

"Specialised" films could be defined by the limited extent of their public exhibition in any one year, and taxed a percentage on gross receipts equivalent to the footage quota for commercial films and payable directly to the Board of Trade.

Such a measure would restore the activities of the specialised theatres to the sphere of law, enable their expansion, encourage them to experiment more bravely and be susceptible of no abuse.

It would also remove the restriction on liberty of expression and the powers of local licensing authorities as set out in the 1909 Act, which, in practice, has unintentionally been effected by the 1927 Act.

In respectfully submitting the above Memorandum for consideration of the Committee, the Society expresses its willingness to appoint a representative to supplement the points therein set out by verbal evidence should the Committee so desire.

1532. (*Chairman*): Mr. Montagu, what is your connection with the Film Society? Are you the Secretary?—(*Mr. Ivor Montagu*): No, Sir, unfortunately the Secretary has been in hospital recently. She is only just out of the hospital. I am a member of the Council, and have been since the foundation.

1533. (*Mr. Cameron*): It would be fair to say that it was Mr. Montagu who really founded the Film Society.

1534. (*Chairman*): I am sure the other members of the Committee knew of that, but I did not. In paragraph 4 you mention the difficulty of getting renters to take up these foreign films, to get the Film Society, or local Societies who want to show these films, out of the difficulty of quota: and you say that there are a number of formalities. Well, I am told by the Board of Trade that the only formality is that the renter has to write to the Board of Trade to say that his quota may be combined for the benefit of the people applying to bring in the foreign films, so really it only involves him in one letter to the Board of Trade and nothing more. But in spite of that you find renters are unwilling to take these specialised films?—We have applied, and they have taken up the attitude that they would not wish to become formal registrars of a film without carefully supervising everything that was done in their name.

1535. But it would not be in their name? It is simply a matter of combining it for quota?—That is the reason that they give.

1536. I see. We have had this difficulty brought to us in other quarters. In your paragraph 11 you deal with "Classification by narrow limits of exhibition". I think that you have suggested on the previous page that a firm should carry a quota obligation only when your shows have proved that it is going to be a commercial success?—That was in mind; the suggestion was to try to find some criterion which would avoid a classification of quality, which is a matter of opinion which must so often differ, and we suggested if the exempted showing were limited to a very few weeks then there would be no possibility of explanation for commercial purposes, because so few weeks is not a commercial proposition. We were going by the precedent of "Mädchen in Uniform", which only after it had been running for a few weeks—(no one would look at it for importation until we showed it, and after that one of the specialised theatres offered to run it)—only then was it shown to be such a success that everybody wanted to run it, and immediately we transferred it to real renters, and that would be automatically adopted in any case if this principle were accepted. For example, if we had a film and a theatre wanted it for one week it would not come under quota; but if it looked like being successful it would have to be transferred to a real renter in order to go on.

1537. I do not understand the proviso that it should not "be exhibited for a total of more than so many weeks in any one year". Is it not the period that matters, and not the year when it happened?—Except that, in the specialised theatres happens something which the ordinary commercialised theatres do very seldom; there is a taste to revive again and again for the cultural value because there come up new generations of people who have not seen the technical things dealt with in them, and that was why we put in the question of any one year.

1538. It would not be a short interval, but perhaps after some years?—Certainly.

1539. It clearly would not be satisfactory if they did it at the end of one year for the maximum period that they should be able to do it for and then at the beginning of the next year again?—Certainly.

1540. That was not in your mind. And on that basis I suppose it would be enough to license one positive for whatever number of weeks are found to be reasonable?—Exactly.

1541. And, at the end of that time prevent any further show unless it were on the list of the renter against British quota?—Except that it should be provided that a revival could at some stage take place even if after a lapse. Further it was suggested that the number of weeks should provide for a certain number in the provinces because the figure suggested, ten, might be excessive for London, because that can usually produce a large round sum in hundreds of pounds, and not thousands. But if one limited it to four to five weeks total it would still make out of the question a showing in the provinces, which is the chief disadvantage of the present position.

1542. Probably the simplest and most flexible method would be to give a total and leave it to you to allocate to London and provinces as the occasion arose?—No, the temptation to the renter would be to run it all in London because the largest profit would be there.

1543. We have had this case very much before us, and your memorandum is so very clear that I do not think I need ask any more questions.

1544. (*Sir Arnold Wilson*): You refer to the provinces, what does that mean? Does it mean Edinburgh?—Edinburgh, Glasgow, Manchester, Birmingham, any large town.

1545. Is there in fact a sufficiently large clientele there to make the thing profitable?—I think there would probably be. There were one or two started before the quota Act. In Leeds one was started which stopped because when the Act came it was difficult to obtain more supplies.

1546. Has not that been virtually wrecked since by the tendency of sophisticated people to live not in a suburb but 10 or 20 miles away from the city?—The fact most of these centres are able to run Film Societies as opposed to repertory theatres indicates a special population that will come to see these films. In small towns there may be only enough for a society, but the present arrangement makes it more difficult to run a repertory theatre than it would otherwise be.

1547. Are you not optimistic about the provinces?—Such people come to the Halle concerts and things of that kind, and if they have the opportunity of seeing these films, and the criterion was whether enough would come; it would be found more would come than is now accepted.

1548. The Halle concerts, are I agree, a good analogy. The other point arises from your reference to the younger generation. Do you find them grow-up film minded, or film satiated?—Well, I do not know—I am not saying this in my capacity as representative of the Film Society but from my business experience in films—I seem to have an unceasing supply of youngsters asking about the differences in these old films, and asking to do work arising out or them, or at least to see them.

1549. The impression I have gained from talking to young people is that so many of them have been brought up on second rate films in their youth that they are very suspicious of the ability of the Film Society to produce anything they have not seen or do not know already?—The general growth of these repertory theatres which we naturally want to promote, because our aims are wider than the strict interests of our Society, handicaps increasingly the Society in getting interesting films, because the standard of those left available for us drops, but I have found when on some occasion some of the famous old films are revived many film writers come and say they have never seen anything so remarkable and that it has been a lesson to them to see the old stuff.

1550. Have you any information as to how far that applies to the University towns? I do not mean merely Oxford and Cambridge, but the provincial University towns, Leeds, and Birmingham?—It is in those centres, particularly, that Film Societies flourish at present. Leicester and Birmingham, and Edinburgh and Glasgow are most notable, and in each of those the persons running them are connected with the Universities.

1551. That is an important point, and you have not mentioned it in your memorandum, that the Universities are supporting it?—Not officially, but Dons and Professors.

1552. University people?—They certainly do support it, yes.

1553. What about boys and girls who go to a public or secondary school, until 16 to 17 years of age, and then leave to enter the world. Have you been able to form any groups, within the schools, particularly the day schools?—I do not think we have much contact directly with public schools because not many public schools have the facilities for projection. Eton is one which has, I recall, over the past number of years during which we have been going several times asked for films from us, and they have facilities. There are probably others (I am told Harrow, Rugby and Stowe have seen non-commercial films), but in general they have not until recently had the equipment, especially for sound films.

1554. But when boys leave school have you any indication they come on to you?—We have a special category of membership for young people and technical students in our particular Society, but I do not know how many do that.

1555. Does it show signs of increasing?—I should perhaps say it does not show the same signs of decrease as some of the more expensive categories show.

1556. Is the case for old films due to their, what you may call cultural value, or to their purely technical merits?—I should say it is very difficult to separate. I think that when someone sees something that is technically quite unlike anything that is seen to-day, it is unusual and gives a general surprise; but a thing which has only technical qualities and no qualities of human content will bore after the first acquaintance with it.

1557. Does your repertory include the silent film?—I should emphasise that we have no general store—only in one of two cases have we any of these old films, because usually we pass them out of the country when they have been round the other societies. But we have a few silent films left. "The Cabinet of Doctor Caligari," I believe, is the only copy in the world, and we hope gradually to do a little work on the lines on which one of our Council has tried to do useful work in America, trying to preserve some of the more aberrant technically interesting films.

1558. Have you anything like a film library?—We have retained a few we have shown.

1559. Is there anything to be said for a statutory film library?—I think certainly very much.

1560. What are the present regulations, if any, in this country, or any other?—There are no such regulations at all. As a matter of advertisement, or generosity, from time to time a firm will present films to the museums, or to the British Film Institute, but there are no regulations.

1561. So, so far as you are concerned, and so far as you know, there is nothing to prevent the complete disappearance from the face of the earth of all record of the sort of influences to which we are exposed?—Well, alas, yes, if I may put it in that sense.

1562. Thank you, Sir.

1563. (*Mr. Cameron*): On the question that Sir Arnold Wilson raised as to the constitution of the audiences and provincial film societies, would not you say that the majority of them come within a range of income, probably, that would not enable them to live far out in the country, and that they would probably be more closely in touch with the centre?—They are very much less rich than the members of the Film Society. For example, it has been a matter of regret to us in the Film Society here in London that we have had to have such a high level of subscriptions, because when a single performance has to bear the entire cost of the duty, which is the same as for a commercial film, of the titling, and of music in the old days, which had to be specially composed, the subscription rate had to be very high indeed, and our production expenses were often £200 for a performance, whereas the Film Societies in the provinces usually pay £5 or £10 to us for the cost of that if they later take a film. They are therefore not such a rich class of person.

1564. Yet even so they sometimes find it difficult to pay the comparatively small subscription?—That is the case.

1565. How far do you think that the present situation, with the help—or rather in spite of the benevolent neutrality of the Board of Trade, which has allowed you unofficially to act as renters—how far has that stifled the growth, do you think, of the provincial Film Society, and of the specialist theatres?—Not of the provincial Film Society at all except in so far as it will stifle it in the future if more films are not brought in. The fact that they are private performances saves them from being stifled, but on the question of repertory, very much so, because the first test towards a regular repertory performance is for a provincial society to try to encourage an experimental short run in an ordinary theatre and see whether the public will support a film of different type; this has been brought often before the Film Society, but it is made difficult because the quota makes an uncertainty of future prospects even if the isolated experiment were to succeed. For when one has discussed the question of ultimately getting regular repertory the question has always arisen how many new films will be coming in, which is the particular uncertainty aggravated for special films by the present quota position. It has affected the character of the films shown even among the repertory theatres existing in London. I am sure a number of films of the experimental short type are not attempted by the repertory theatres in London because of the fact that they will only run for a week, if at all. Similarly, a Japanese or Chinese film, if there were no quota difficulty might be put on for a week to see if the public were interested, and those they will not attempt because of the apparent uselessness of attempting a commercial proposition with it. The last way in which it is affected is we have not adequate machinery for doing even the very passive renting that we do properly, and the rather academic point about the Film Society not being anxious to do the renting itself which it has now to do, because it is the only body given the grace of the Board of Trade. Our Secretary's nervous breakdown is in part due to the fact of inadequate commercial experience, and her trying to do work which is much more than an ordinary secretary of a society should have to do. We would much rather the theatres did their own registration, and we do not want to be such philanthropists in that sense but are obliged to be because of the situation.

1566. You base your case more on the introduction of contemporary continental films, and a cultural interchange with other countries, than on the continued revival of old films?—Emphatically so, though the usefulness of the other should not be disregarded.

1567. Do you feel your actual proposal for solving the difficulty will be adequate? Supposing the number of specialist theatres increases, will the one copy in circulation and the 10 weeks in any one year be sufficient to allow free cultural circulation?—If the number of cultural theatres increased materially it would be almost a commercial proposition to rent them and, though it is never a commercial proposition to produce a British film against it, those who have plenty of British films will be prepared to go into the little difficulty noted in answer to the Chairman regarding supervising a special film for the sake of issuing it to 10 to 20 theatres if there became so many.

1568. Somebody suggested in evidence an alternative for dealing with the same difficulty by creating a neutral category of films exempt altogether from quota, on a certificate of excellence or cultural value given by some appropriate body: if that were adopted it would have the effect of taking the administrative side out of your hands. It would enable a small renting company, we will say, who did not want to handle other films, to handle cultural films and circulate them as freely as it liked once granted the certificate of excellence. Do you think that is a workable alternative, or would you definitely prefer the way you have suggested?—A matter like that is a matter which can only be guessed when one gauges the capacity of the certifying body. In general one feels that any method that can have the certainty of not depending upon the opinion of the certifying body is better. If the certifying body say that the film is not good enough, then the whole expenditure of a considerable sum would already have been entered into. I agree it is an improvement, and an alternative to the present position, but I think it is open to the objections I specify.

1569. You prefer your suggestion?—Yes, with if possible a wider margin of weeks. May I mention in that connection even that margin of weeks would take the renting out of our hands because it would mean the theatre first wanting to show the film would register itself as a renter for that particular film. If it is running for five to six weeks then it is all right. We would not have to act.

1570. I rather think it is a point you want to stress, that these films are in effect a school for technicians?—Yes, emphatically so.

1571. They can see what are the possibilities, and it is important for them to see the current work of European directors?—Before the existence of repertory theatres at all it was frequently the case we would send films missed by the technicians round the studios for them to look at. It still undoubtedly happens.

1572. (*The Hon. Eleanor Plumer*): About how large is your membership?—Round about a thousand, rather lower.

1573. Is it growing?—No, it is declining. We attribute that to the influence of the repertory theatres and as our task becomes successful we have to face it.

1574. It is a form of suicide?—For the benefit of making public taste less narrow.

1575. Are the provincial societies independent of your society or do they affiliate to it?—They are independent. We have a loose federation which meets once a year to discuss joint problems, but up to now it is a loose body without a single authority or anything.

1576. In paragraph 2 you speak of:—

> " (*c*) the introduction of films to new strata of British intellectual life (a factor which, it has been observed, has on occasions interested new sources of capital in the films generally)."

What exactly do you mean by that?—Some of the persons whose work was first shown at our Society have later on become well known Directors or actors in British films, and capital can only have seen them in England at our performance (though they were, of course, known abroad to be good), and thus been interested to make films with them. I believe—it is difficult to put the case because it is difficult to state names, but I believe that many persons who have been interested to invest in British films first made their acquaintance with films by coming to these Film Society shows, largely because, at any rate when started, they were a social event which would tend to attract elements not otherwise interested in the cinema.

1577. You say you definitely oppose any method of certification. I do not understand the force of that in view of your earlier statement that " It announced its intention of acquiring a renter's licence, and acting formally as distributor of such specialised foreign films as might be required by the specialised theatres and for which they could make no other arrangement, always provided that such films should in the Society's opinion, be such as from the cultural point of view should desirably be encouraged "?—It is a question of the uncertainty of certification. There are many films on the dividing line, and it is difficult to organise any forward movement when it does not know for certain whether the films in which it is interested will be certificated or not. Certification is better than the present position with its complete uncertainty, but certification leaves uncertainty before each film is submitted. Each has to be imported and prepared and put in English first. Part of the objection to certification would be removed if it were provided that, unlike the Board of Film Censors, the certifying body would be prepared to look at the films before much money had been expended on importing and transforming them for England, i.e. would judge them in their native language and in bond.

1578. That is your objection?—Simply the question of the practical harm of uncertainty.

1579. Is it not important that there should be some quality clause. You stand for cultural films?—I cannot imagine anybody bringing in these films, which after all do not make very much money, unless it is for some philanthropic reason.

1580. It would do no harm to have it in?—No, it would do no harm if it could be avoided that the film had to have a lot of money spent on it before it was judged.

1581. The Chairman raised the point about the total of so many weeks in any one year. I still cannot see the point of the " any one year ". Surely if the film were successful and was wanted for more than that period it would automatically be taken over by the renter?—That is the implication, not that it could not be shown for more than these weeks, but it would only be exempt if it were shown for those weeks. Supposing you showed it for four to five weeks in London in one year, that is the finish of the thing, but a year or so later it might show for four to five more weeks, which does not mean very great extra profit because probably a new print has to be brought in, and new duties paid and new " anglicisation " made, the margin of income over the cost of which would be so small that it would prevent a big profit or business being done.

1582. Repetition every year would seem to bring it into the category of films which would need quota?—It might be a declining number of times each year, or, as the Chairman suggested after an interval of so many years, but there comes a time when it could be revived and still would not make large extra profits.

1583. (*Chairman*): We are very much obliged to you, Mr. Montagu, for your help.—Thank you.

(*The Witness withdrew.*)

Mr. J. S. Fairfax-Jones, representing Denning Films, Ltd., was then called and examined.

The Committee had before them the following memorandum by Denning Films, Ltd.:—

1. The Committee will doubtless be aware of the existence of certain Cinemas, such as the Curzon, the Academy and the Everyman in London and in several provincial centres, which specialise either wholly or chiefly in the presentation of a certain type of foreign film. Such films are derived largely from French, Austrian and German sources and have a special and generally recognised exhibition value. Such films are also exhibited by private Societies in several of those towns where no commercial facilities for the exhibition of these films exist.

2. These films, being of foreign origin, naturally fall within the provisions of the Cinematograph Films Act, 1927, with regard to renters quota and accordingly any registered renter registering a film or films of this type is obliged to comply with the provisions of the Act as to the supply of British quota.

3. When the present Act came into force there were, it is believed, no Cinemas specialising in the presentation of these films and, therefore, their special position received no consideration when the Act was framed.

4. The Revenue derived from the renting of these films is extremely small. In many cases it is believed that such revenue is less than 1 per cent. of the revenue derived in this country from the renting of an averagely good American film. In view of the expense of producing or acquiring British films for quota purposes, renters naturally prefer to place American films against their British films. Therefore, few, if any, renters who register these specialised foreign films can be found. The problem of maintaining an adequate supply of these specialised films for the Cinemas and the Film Societies is consequently an acute one.

5. It may be mentioned, in passing, that the exhibition of the films in question is highly approved by many educational, cultural, and artistic bodies and that non-commercial performances of such films by Films Societies are exempted from Entertainment Duty by the Commissioners of Customs and Excise on educational and cultural grounds.

6. The question now arises as to the continuance of the supply of these films so that the comparatively few Cinemas who exhibit them and the Film Societies may continue their work. Under present conditions it is impossible for this supply adequately to be maintained and the problem can only be resolved by special provisions regarding the registration of these films.

7. It is accordingly submitted

(1) That, in the event of further legislation with regard to quota, special consideration should be given to the case above outlined.

(2) That the existing requirements with regard to the supply of British quota in respect of these special foreign films should be substantially qualified or abolished.

(3) That approved firms of renters known to specialise in the supply of these particular films should not be required to supply British quota in respect of them.

(4) As an alternative, that such firms should be permitted to register such films and to book them to a specified number of Cinemas before any question of a supply of British quota arises.

(5) That some limit on the number of foreign films so to be exempted in each quota year should be agreed.

(6) That possibly some form of quality test or test of suitability for such exemption should be applied with some independent but qualified body, such as the British Film Institute, acting as an arbitrator in the matter.

1584. (*Chairman*): Mr. Fairfax-Jones, will you tell us how you are connected with Denning Films, Limited—are you a director?—I am managing director.

1585. In paragraph 7 you recommend that approved firms of renters specialising in the supply of these particular films should not be required to supply British quota in respect of them, but, I suppose, it is not your idea that this should be an unconditional arrangement, that they should be free from quota as soon as the film is shown to be a commercial success?—No. I think there would have to be some form of limited circulation, certainly.

1586. And would it seem to you a satisfactory method if the film was released from any quota requirements while rented for so many weeks on a restricted basis, and then, at the end of that time, if you found that the demand warranted it, you should go to the Board of Trade and get the film registered in the ordinary way, and that it should then rank for quota?—Yes, I think that would be the case. If it transpired that one of these films was likely to be a large commercial success, as one or two have been, then I think it would be for the renter to determine what point of view he was going to take about it. If provisions are made as to a limited distribution of these films I think he would have to make other arrangements for a film that was likely to be a big success, certainly.

1587. And, of course, in the early stages it would not go to the censors either, because these film societies, at their private shows, do not have to get their films passed by the censors?—They do in many cases, and certainly in every commercial case.

1588. Once it had got past that stage, it would obviously have to be registered by the Board of Trade and passed by the censors or the local authorities?—Yes, the Film Society performances, which are the private shows to which you refer, generally follow the commercial performance.

1589. It follows?—Yes, these films generally become available for the film societies because they have been brought over for commercial performances. That is the way it works in the majority of cases.

1590. Those would be foreign films, I suppose?—Yes.

1591. Not films produced here?—Yes. I am referring to films from abroad and continental films.

1592. Otherwise the question of the film show would not arise?—No.

1593. If we were able to work out some recommendations to cover this point, would there be any object in your proposal in paragraph (5), that some limit should be agreed on the number of foreign films to be exempted. I suppose to have the test by trying them out on a limited scale would be enough?—Yes. I only put that suggestion forward rather tentatively as a matter possibly for negotiation.

1594. (*The Hon. Eleanor Plumer*): Is there a growing public for these foreign films?—Yes, there is, but, of course, the problem of supply comes in again there. I think that the public would grow if there were a larger supply. At the moment certain films have to go round and round, and it does not help much on the whole.

1595. You think the development is definitely hampered by the difficulties of supply?—Yes.

1596. And that with an increased supply demand would follow?—I think so, yes, and with an increased supply I think more of these cinemas would spring up. At the moment the supply is so uncertain that cinemas are afraid of a policy of showing this type of film because they are not sure that the supply will be maintained.

1597. I see. You mention several provincial centres—I know one or two; which are the main centres?—Well, there are cinemas of this type at Oxford and Cambridge; there is one at Leeds, I believe, and at Glasgow, and there are quite a number of cinemas which do show the best of these films from time to time, and would, I am sure, have a reasonably permanent policy of doing so if again this question of supply could be reasonably certain.

1598. (*Mr. Cameron*): Did I understand you to say to the Chairman that the films shown by the Film Society were mainly films that had been introduced into the country for commercial purposes?—I do not mean the London Film Society. I mean the provincial Film Societies.

1599. But are not the films shown by the provincial film societies mainly ones that have been introduced by the London Film Society?—Very rarely, except in the case of short films.

1600. That is your experience?—Yes, that is my experience. In some cases the films shown by the London Film Society are commercially exploited, and in some cases they go back immediately to the country of their origin; perhaps two in the London Film Society's season are subsequently exploited in the provinces.

1601. Yes, but the London Film Society has unofficially acted as renter for a number of the films it has brought over, that it has not returned directly. I know that some are returned direct to the country of origin, but there are a number that the Film Society has retained acting as an unofficial renter, and has circulated them to provincial film societies, who, in effect, have booked their films largely through the London Film Society?—Not to a very great extent have they acted primarily as renters, for this reason, that films which are not commercially exploited are not titled in English—you know the English sub-title put on foreign films?

1602. Yes?—And the film societies prefer to show films which have got English film titles on them; they are only titled in English when they are going to be commercially exploited.

1603. Oh, but some of the London Film Society's films have been sub-titled in English for their showing at the Film Society?—One or two have. They generally have some explanatory titles inserted, but I do not think in any case have they had the dialogue translated.

1604. No?—And that is what the Provincial Film Societies want in the main.

1605. Yes, to some extent; I would not accept it that that is wholly so?—No, it is not wholly so, there have been exceptions, but with very many of them I think it is so.

1606. I should have thought the exceptions were considerable?—I cannot think of any exceptions. I happen to be Secretary also of one of the Provincial film societies.

1607. Yes, I know?—And I know a fair amount about the actual supply of films. In one or two cases I agree with you, Sir.

1608. Yes. There would be more cases if some differential legislation were introduced?—Yes, undoubtedly.

1609. That is the real point that you make?—That is the real point, yes.

1610. (*Sir Arnold Wilson*): I have no questions, thank you.

1611. (*Mr. Stanley Holmes*): I have no questions.

1612. (*Chairman*): Mr. Fairfax-Jones, we are very much obliged to you.

(*The Witness withdrew.*)

Mr. F. Green, representing Ace Films, Ltd., Ace Distributors, Ltd., and Ace Studios, Ltd., was then called and examined.

The Committee had before them the following memorandum by Mr. F. Green:—

I respectfully submit the following observations on account of the fact that none of the Companies whom I represent are members of any Trade Association.

If the Cinematograph Films Act 1927 is to be continued for a further period of ten years, the only observations I should like to make would be:—

1. *Section* 27 (1).—During the running of the existing Act I have suffered hardship on account of the fact that many important films produced have not been films to which the Act applies and therefore unregistrable as British films because they have fallen under Section 27 (1) of the Act, and I claim that a British film made by a wholly British company is none the less a British film, nor does it fall outside the purpose of the Act—to employ British labour and materials—if the substance of the film is any which falls under Section 27 (1) of the Act. This section necessarily retards the production of British exploration films, natural history films, scientific films, pictorial song films and other important contributions to the art of cinematography and is a hardship to those engaged in producing and distributing films of this nature.

2. *Section* 27 (1) (i).—Although registration has on many occasions been subsequently allowed because of a film having special exhibition value, the same cannot be promised to the exhibitor on the film being rented to him and, in consequence, the British producer and renter suffer hardship.

3. *Section* 27 (1) (ii).—I suggest that the exhibitor has no right to have the benefits of films under this section for his Quota purposes if they do not also give to the renter the same benefits.

4. *Section* 27 (3) (i).—The regulations in regard to what is a British film are not, in my opinion, sufficiently stringent, see *Section* 27 (5).

5. *Section* 27 (5).—I submit that a British film should only be made by an English, Welsh, Scotch or Northern Irish Company. It does the British film trade no good, nor does it create labour in this country, to have a British film made in the Colonies or the Dominions, or particularly in the Irish Free State.

The restrictions in regard to foreign directors of companies controlling a business with English director nominees who have no financial interest in that business should be tightened up.

6. *Section* 30.—I submit that the Advisory Committee should contain a film trade member other than the representatives of the K.R.S., F.B.I., C.E.A., and the five independent members.

7. *Section* 33 (2).—I submit that the Act should extend to Northern Ireland by reason of the block booking position in that territory.

8. I suggest that the renters' and exhibitors' quota of 20 per cent. (twenty per cent.) should continue for a further period of ten years.

9. If observation may be made upon the garbled reports that have appeared in the Press concerning submissions already made to the Committee upon the further working of the Act, I submit:—

(1) that no change whatever should be made in the percentage of the renters' or exhibitors' quota and that under no circumstances shall the renters' obligation be greater than the exhibitors' obligation under the Act. I make this submission on two grounds. Firstly, that

it is fair and just to both parties that an equal obligation be shared, and that it is wholly illogical to impose upon a seller of goods a greater obligation than upon a buyer of goods; secondly, that the evidence before the Committee will show that the expiring Act has been a success, and that the expansion of the British film industry is entirely and absolutely due to the assured market created by the obligation of the exhibitor to show a percentage of British films.

10. It is reported that foreign influences are submitting to the Committee suggestions to alter the quota obligation on renters to one of *price* instead of *footage*.

In my submission, this is merely a red herring drawn across the deliberations of the Committee. With one exception only there has been no bona fide attempt by foreign renters to fulfil their obligations under the Act by other than the cheapest possible means. The Cinematograph Films Act, 1927, was intended to, and did provide, employment for a vast number of people. Although fulfilling their obligation by cheap pictures foreign renters at least thereby provided work for a *large number* of people. If price instead of footage were to be their obligation under the Act it would put a premium on the services of the expensive type of film technician to the detriment of a large number of smaller British technicians, and British labour in general.

11. Although the cost of production of a film should be evident on the screen, in fifty per cent. of cases it does not do so and, in my submission, the Committee would wrongly put a premium on *money* against *brains* by making a money quota. It is not a vast expenditure of money that makes good films—rather it is the intelligent co-operation between money and brains that has made all the box office successes of recent years. If legislation were enacted whereby only films costing £12,000 (the price suggested by one Association) should rank for quota, undue hardship would be caused to many people *bona fide* engaged in the production and distribution of British pictures, and this legislation would also play into the hands of foreign distributors, as it would keep off the market probably one hundred British films per annum, the revenue from which at present goes into British hands and deprives foreign films of play dates in this country.

1613. (*Chairman*): From paragraph 5, I understand that you do not wish that the Empire should continue to enjoy its present favoured treatment, Mr. Green, but you would make an exception in favour of Northern Ireland?—Yes, my Lord. The arrangement for importing Colonial films and films from the Dominions has not been very successful up to the moment.

1614. The quality is bad, or you are not satisfied that they comply with the percentage requirements?—I think they should not obtain quota, because they compete with quota produced in this country with no advantage to us.

1615. But is there any other way in which you find it unsatisfactory?—No, my Lord.

1616. Because, of course, there is something to be said from the other end of the story, that already in some cases, and we hope in other cases in future, we get reciprocal advantages for British films?—That is a very important point.

1617. Then in paragraph 11 you deal with the cost test, and you point out that cost is not an infallible criterion, and I think everybody would agree with you on that view, but would you accept the view that if you had a cost test it would automatically exclude a great many pictures which should be excluded, and automatically include pictures which in the ordinary way would be much more worth while than the present quickies?—No, my Lord, I do not think that. I do not think the solution is to be found in relation to either quality or cost, but in the fact that a person or company makes a film for its own bona fide distribution—that means to say that the person or company making the film shall make a profit or a loss from its production and distribution, not that he can sell the film to someone who requires it, merely because it is a quota ticket to somebody who badly needs it. There is an enormous difference.

1618. That will mean that the foreign renter could not acquire British quota films from anybody else, would it not?—He could make them, my Lord.

1619. He would have to make them, yes.—Or he could acquire them subject to a quality or test clause at your discretion.

1620. The trouble is that even if he makes them at present they are liable to be made extremely cheaply, and do you not agree that a lot of this cheap production for quota purposes is very undesirable and gives a British film a bad name?—Definitely, my Lord, but it has created labour. The Act was formed to stimulate the film trade.

1621. But it would give just as much labour if the film were worth while, would it not?—No, I am sorry, it would not. It would employ highly qualified technical experts, a few of them, at enormous salaries, chiefly foreigners, and it would put out of business all those very worthy people, those electricians, stage-hands, property people, and so forth, who at the present moment are engaged upon the making of these films.

1622. But surely, if by some means these foreign renters were compelled to turn out good films instead of bad films, and had to turn them out here, just as many people would be employed, or more people, on the good films?—I should like to believe that, my Lord. That, of course, would be the solution, but it would put so many people out of business, either on quality or on cost, that it would not be worth the legislation.

1623. Would it not just be a matter of proper adjustment to see that the demands were not too high, that you could get the new output of better quality and of not less volume—if you could achieve that?—I very much doubt it, my Lord. I assure you that the solution rests upon a decision to permit and to encourage production of all kinds.

1624. Would you allow the worst forms of production?—Provided, my Lord, that they had to be rented to make the profit for those who made them. I object to the production of quota quickies for the foreign company which merely requires a quota ticket.

1625. You only object to it from that point of view? You do not see objection to it in the bad reputation it gives to British films, and the disgust that it inspires, we are told, among many audiences who want to see a good film?—No, my Lord, it is entirely a commercial proposition. If a person has the money to produce a bad film, and he is prepared to lose his money, all of it, he has a perfect right to do so.

1626. Yes, but the exhibitor—?—The exhibitor is not compelled to show it.

1627. The exhibitor has the same temptation to show these films, to fulfil his quota requirements, whether they are made by a man for his own profit in this country or on behalf of a foreign renter; it would not really eliminate this evil?—The exhibitor generally tries to book good films, quite definitely.

1628. Yes; but we are told that the exhibitor cannot get good films at the present time, because it pays many producers, not only American producers, to produce bad films, and you cannot help us to the solution of the problem of eliminating these bad films? You think they should be allowed to go on?—No, my Lord, legislation could be found to make the person who must obtain quota provide films of a certain quality.

1629. Yes. Would it work to have an automatic test of cost, to admit films above that cost standard without question and to have any films which do not comply with that test examined on quality, so that if they have got special value and are not a discredit to British film production they may be allowed a licence in respect of the low cost?—It would be frightfully difficult.

1630. Then what is your solution? How are you going to eliminate bad films?—A person who requires to make a bad film, and desires to make a film of any kind, be it good or bad, providing it is for his own distribution, should be allowed to make it.

1631. In other words, the bad film is to be allowed to go on, and to cut away profit from the good film, because obviously a good film will not be able to compete, in the case of certain exhibitors, with the bad film?—No, my Lord, but he would not do it more than once, would he?

1632. Well, they have done it a lot of times already, and there is nothing to prevent them producing better films. If it paid the exhibitor to show the better films rather than the worse films it is quite open to the producer to produce better films now, and yet he does it more than once, he goes on producing bad films?—It does pay the exhibitor to show the better films always, but the foreign renter has an obligation upon him to provide a certain quota and he obtains his quota in the cheapest market. That is what is bad. That is primarily and fundamentally bad, because he goes to buy his film in the rag market. He will buy any film which has a quota ticket, one that was made by a person for the sole purpose of selling it for a quota ticket, but it was not made for the purpose of bona fide distribution, and for the purpose of making profit.

1633. You think that quickies would be eliminated, because if you cut out their production by the American renter it would not be worth while for the British producer to make them?—Quite. I am positively certain, Sir, that if the two were separated from each other, quota for foreign distributors here in England, and the making of bad quickies for ordinary distribution here, I am perfectly sure that within one year there would be no quickies. Who would make one?

1634. I see. Well, how would you deal with the American renter?—That is the problem.

1635. You have got no solution?—No.

1636. (*Mr. Holmes*): Supposing we altered the Cinematograph Films Act so that the quota had only to be complied with so far as the exhibitor was concerned, and there was no quota on the renter at all—that the exhibitor had to have his quota of British films—would that help in getting rid of the bad film?—Not a bit, it would automatically put half the exhibitors out of business because there would not be enough films produced.

1637. But it would be an encouragement for them to produce?—It is no encouragement to produce, unless one is compelled to produce—if one is a foreign company.

1638. But if it is known in any trade that there is a definite market every year, then there are people prepared to produce for that market?—They do not do so, Sir, in our business.

1639. (*Mr. Holmes*): That is all, thank you.

1640. (*Sir Arnold Wilson*): I have no questions.

1641. (*Mr. Cameron*): I have no questions.

1642. (*The Hon. Eleanor Plumer*): In paragraph 1 of your memorandum, Mr. Green, are you referring to all films when you speak of Section 27 (i) or only short films?—I deal chiefly with any film that is a British film made for *bona fide* distribution by the person who made it, and not for sale to a third party.

1643. And you would include long and short films?—Both.

1644. Would you like a separate quota for short films?—I think it would be a good idea to separate the two. I think it might stimulate the production of shorts in this country, which is so difficult.

1645. You are mainly concerned with the production of shorts?—Yes. Next year I shall have the biggest output of shorts in this counntry.

1646. And do you find that the market for them is adequate?—It could quite well become much better.

1647. How is that?—I think the second feature will be eliminated within a year or so, because it is indigestion to the public.

1648. We have had a good deal of evidence to the contrary on that point, of course?—I realise that.

1649. In some quarters we are told that the second feature has come to stay, that you cannot get away from that, but you would take the opposite point of view?—I would say it will come back again eventually; that the big film, which to-day is getting bigger and bigger, will be the main point in the programme, and that the balance of the programme will be short films of various kinds.

1650. You think that is the future development?—That is the ultimate view I hold, yes.

1651. (*The Hon. Eleanor Plumer*): Thank you.

1652. (*Chairman*): We are much obliged to you, Mr. Green.

(*The Witness withdrew.*)

Mr. T. O'Brien and Mr. J. Rogers, representing the National Association of Theatrical Employees, were then called and examined.

The Committee had before them the following memorandum by the National Association of Theatrical Employees:—

The National Association of Theatrical Employees is a registered trade union, and caters for and represents many grades of skilled and non-skilled employees in the entertainment industry, particularly in film studios. It has within its film studio membership, carpenters, electricians, plasterers, painters, scenic artists, mechanics, property-makers, stagehands, riggers, projectionists, make-up artists and other general workers. The interest of the National Association of Theatrical Employees (afterwards referred to as "the Association") in the Cinematograph Films Act, 1927, and in the future of British films, is decidedly one of employment of its members and workers in the British film industry.

The Association realises that any progressive or retrograde policy in regard to the present and future production of British films will have far-reaching effects upon employment and unemployment of the grades of people referred to above, and to many other classes of employees, and technicians, artists, actors and executives.

The Association does not propose, nor does it think it relevant, to submit any detailed or analytical case to the Committee of Enquiry. The technical, administrative, commercial and financial angles have, or will no doubt be adequately presented by the appropriate interests.

The Association will be satisfied to approach the subject from the point of view of the employment of British labour, rather than to offer a solution to the general difficulties of the Act. Having regard to these considerations, the Association offers the following observations:—

1. The British film production industry could not have reached its present substantial position had there not been the Cinematograph Films Act, 1927, which ostensibly had for its object and was intended

by the Legislature to establish a British film producing industry for a British market.

2. The Act in regard to the quota provisions has not proved easy of operation. Exhibitors of pictures have a legitimate grievance in being obliged to show a number of certain British films of an inferior standard. Certain film producing concerns have been enabled to make British pictures of such a low standard as to constitute a serious menace to the very prestige and representation of British art, skill and labour.

3. A large number of film producing concerns take the making of British pictures seriously, and are endeavouring to meet Hollywood's generation of advantages and experience and skill in a creditable way. It follows that if opportunities of low standard production (referred to as " the quickies ") are to be permitted and continued, the future of the British motion film producing industry will be undermined. The exhibitor of pictures, the better type of producing company, the representation of artists, technicians and labour, and the general public itself, will be adversely affected by the perpetuation of manipulated low standard production.

4. The Association feels that the solution is not to scrap the Films Act, as is suggested in certain quarters, but to amend the Act so as to make it impossible for the evils complained of by the various interests to exist, and to learn from the ten years' experience of the present Act those lessons that will tend to further encourage the continued production of *bona fide* films, and the future strengthening of the British film industry.

5. The Association suggests that an amended Act should provide for a producers' or renters' quota to reach a minimum of 30 per cent. to 35 per cent. of the imported product by 1943. Exhibitors' quota would require very close study, presuming that in any new Act the production of cheap, trashy and inferior films would be eliminated. The Association believes that the Committee of Enquiry would be better able to form a judgment on the question of the exhibitors' quota from the representations which the exhibitors themselves may make. A suggestion is offered, however, that exhibitors' quota should be no less than 75 per cent. of renters' quota.

6. The definition of a British film should be reconsidered in order that a minimum expenditure (excluding the story) is stipulated to entitle the films for registration. The suggested minimum expenditure should be £15,000 on each picture. News reels, shorts, documentaries, should be excluded from the Act. The principle at present embodied in Section 27 (3) (iv) should extend to any new Act, but provision should be made that increases in the salary of " Stars " after the date of their original contract shall not be regarded as fulfilling the provision of the British salaries stipulation. A British film shall mean a film made in Great Britain.

7. The Association offers no objection to the condition that the scenarist being British, be eliminated from any new Act, provided that the fees and salary of a non-British scenarist shall not rank as an item of expenditure in the suggested minimum cost of the picture.

Lastly, the Association desires to make it quite clear that they advocate statutory protection for the British film industry, not in the sense that the industry should be effete, merely relying on legal protection, but rather quoting the words of Mr. Simon Rowson, M.Sc., F.S.S. " That the protection afforded by the Act (the Cinematograph Films Act) is an inseparable part of the whole atmosphere in which the industry works, lives, and has its being. A withdrawal of this protection would in itself create conditions which might well prove disastrous to nearly every part and section of the industry." Moreover, the question is one that cannot be divorced from national economic and political considerations. Legislative protection for the British film industry ought not to be considered solely from the point of view of the industry itself. The relation of the subject of employment of British labour, technicians and artistes, should not be overlooked, nor those higher considerations of British culture, art, education and national needs.

1653. (*Chairman*): Mr. O'Brien, you are the Secretary of the National Association of Theatrical Employees?—(*Mr. O'Brien*): Yes, and my colleague is Mr. J. Rogers, who is on our Executive Committee and our studio representative.

1654. I see. In paragraph 5 of the observations in your memorandum you suggest that the renters' quota should reach a minimum of 30 to 35 per cent. of the imported product by 1943. You are, of course, aware that the quota is now measured not on the imported product but on a percentage of the total imported and foreign together?—Yes, Sir.

1655. What is your reason for wishing to change over the method of calculation?—There is no particular reason for changing over the method. The principle we desire to maintain is that the British quota shall be increased from its present maximum of 20 per cent., which it will come to in 1938, and in any Act that it should be increased to, at least the minimum stipulation shall be, 30 to 35 per cent., graduated over a period, we will say, from 1938 to 1943, allowing for the first five years of any contemplated new Act.

1656. It would really be the equivalent of 25 per cent. on the present basis of computation?—Yes.

1657. Twenty-five per cent. on the present basis or 33 per cent. on your basis?—Yes, 25 per cent. on the present basis, and it would work out at 33 per cent. on our own idea.

1658. But you do not attach any particular importance to one method of computation over the other provided you get that result?—No, the main point is the result. That is what we are concerned with.

1659. And you say that the exhibitors' quota should be no less than 75 per cent. of the renters' quota. At present, of course, it is the same. Will you tell us whether you want it to be less or whether you think it ought to remain the same as the renters' quota from time to time?—The exhibitors' quota, we suggest, should be 75 per cent. of the renters' quota provided the renters' quota was increased in accordance with our suggestion. We agree with the principle of the exhibitors having that margin of choice, which could only be provided for, we think, by their quota being slightly lower than the producers' quota. Have I made that clear, my Lord?

1660. Well, as far as we have been able to study the figures the margin of choice does not vary directly with the quota requirements?—Of course, there are other considerations.

1661. Yes, but we need not go into that. You, at least, recommend that there should be a variation between the exhibitors' quota and the renters' quota, and that the exhibitors' quota should be only three-quarters of the renters' quota?—Yes.

1662. I mean your minimum is to be taken as standard—you would like it to be 75 per cent. all through the new quota scale?—Yes.

1663. I see. In paragraph 6 you suggest a minimum expenditure on each film and you suggest that news reels, shorts and documentaries should be excluded from the Act. Could you tell us why you wish to abolish the benefit given by the Act to short films?—Well, having regard to our main angle on the problem, that is to the interest of employment of British people in British films. We think that the inclusion of news reels, shorts and documentaries without either or any of these terms being very closely or adequately defined would provide a very substantial loophole for exhibitors or for producers to have films for quota purposes, probably very inexpensive at that, and thereby perpetuate the same difficulty of abuses in regard to the quickies which now take place. If you eliminate quickies and you substitute for them an *en masse* series of shorts and documentaries and alleged news reels and so on—I am not referring to the present adequate news reels of Gaumont-British or Pathé type—you could flood the market with all kinds of pictures which were called news reels, and thereby fulfil quota purposes.

1664. Yes. You say if you eliminated the quickie and substituted the short—I take it there would be no suggestion on the part of most people that you should substitute the short?—No.

1665. If you kept the short quota separate, perhaps altered the law in that respect that it should definitely be separate—there are various ways in which you could do it?—Yes.

1666. Have you considered whether shorts are not a very valuable training ground for British personnel, and in any case if we eliminated this requirement that a certain proportion of the shorts which will be shown in the theatres should be British, is it not certain that the only people who would benefit would be the foreign purveyors of shorts, who would go on filling the programme in response to the public demand?—That would be problematical. I would not profess to be dogmatic about it, but if shorts met a public need—or, rather, the public taste—British exhibitors and American exhibitors producing in England would still produce shorts to meet that public need.

1667. Does not exactly the same argument apply to longs?—Yes, but whether they should be included for quota purposes is quite another matter. We feel that with the state of the financial control and other interlocking of the film interests in this country at the moment, a new Act at least should definitely protect British produced pictures from the misuse which is now obtaining in regard to quickies. It is no use eliminating quickies as suggested. You can have a seven reel quickie apart from a one reel quickie which is still a badly produced picture. It is no good eliminating that and substituting another form of abuse by way of shorts and newsreels, and so on, which could be done, and probably would be done if there was no adequate check on it. An English programme, if it provided, say—any figure will do for the moment—for 30 per cent. of English pictures, you could have an American picture, a very excellently produced American picture, on the programme and about four or five newsreels, shorts, and so on, all thrown in with the one picture to fulfil quota purposes, just as you have to-day.

1668. Your case really could be dealt with by saying that we cannot count shorts against the long quota requirement?—That is really the point, my Lord.

1669. Now, will you develop the view you express in paragraph 6, that

> ". . . provision should be made that increases in the salary of ' Stars ' after the date of their original contract shall not be regarded as fulfilling the provision of the British salaries stipulation "?—

Well, we are seeking there to anticipate what probably really is now going on. A star is engaged at a certain figure and in the line-up of expenditure, and so on, the producer finds that he is down on his expenditure, or down on his allocations on the wages and salaries stipulation. He will probably make a fictitious increase in the salary of a star or he may make an artist into a star at a fictitious salary who is not, in fact, a star.

1670. Your object is to prevent the cooking of the returns?—Exactly.

1671. (*Chairman*): I see. Thank you.

1672. (*The Hon. Eleanor Plumer*): In that same paragraph, paragraph 6, you say, " A British film shall mean a film made in Great Britain." Is your idea to exclude the films made in the Dominions?—No, not necessarily. We should have amplified that. Our Committee felt, when we put in " Great Britain," that we would not trespass too far afield in entering into the point as to whether films made in the Dominions were ranked for quota purposes, because the condition would still be equal in the Dominions. The Dominions would have their own difficulty, and I believe Australia is now at the present time, dealing with the question of their quota, so we would much prefer to keep to our point that a British film shall mean a film made in Great Britain, but personally I may tell you that we are not opposed to a film made in the Dominions, but at the same time we do not want to go into it too deeply in view of the fact that the Dominions themselves have not reached any parity or any agreement with this country with regard to the inter-exchange of British and Dominion produced films.

1673. Then you would really need to qualify that sentence in which you assert that a British film shall mean a film made in Great Britain, do you not?—Yes.

1674. You do not want to stand by that?—I do not want to make it too wide a case on the Dominion question either.

1675. It is a very important point?—It is, I appreciate that, but of the two evils I would much prefer to stand by the memorandum as it is and leave that problem to the Committee itself.

1676. But you realise it is a problem which has to be faced?—It is a very difficult problem, but representing our particular interests on the employment side we will allow our comparable unions in the Dominions to force their hand in another way.

1677. I see. Then in paragraph 7 you say:—

> " The Association offers no objection to the condition that the Scenarist being British, be eliminated from any new Act ".

Would you enlarge that a little?—Yes. The present provision, as you know, restricts the scenarist to a Britisher.

1678. Yes?—We feel there is no point to be served by maintaining that provision. It is quite possible that a good British picture, with all the traditions possible in race and so on, could be written and the scenario could be completed by a non-Britisher. That is quite feasible. We feel, therefore, that that provision should be eliminated from any new Act, but with the employment of an alien or a non-Britisher his salary and expenditure would not rank within the wages and salaries stipulation. We want to give the advantage to British producers to have alien scenarists, let them have the advantage of alien scenarists but not the advantage of including the salaries of such alien scenarists within the salaries provision, therefore it would not be detrimental to an English scenarist.

1679. (*The Hon. Eleanor Plumer*): Thank you very much, that is all.

1680. (*Sir Arnold Wilson*): Your Trade Union covers a great variety of crafts, does it not?—Yes.

1681. There is no Trade Union that I can think of which embraces a wider range of different occupations?—Not within the entertainment industry. The nearest outside, I should imagine, would be the National Union of Railwaymen, where they would cover a number of crafts.

1682. What is the approximate number in your Union?—In the film studios?

1683. Yes?—Approximately 5,000.

1684. Do you run any friendly, i.e. approved, society in connection with it?—Not as such. We have transferred those rights to the General Federation of Trades Unions in Woburn Place, Mr. Appleton's organisation. We have friendly society benefits of the character of friendly societies.

1685. Have you any observation to offer on the conditions in the industry as they effect the health of the employees as compared with other industries?—As far as our grades are concerned we have nothing whatever to complain about with the general wages or working conditions of the British film studios.

1686. You, as the Chairman has pointed out, are a bit hard on shorts, newsreels and documentaries.

My understanding of some of the evidence that has been given to us is that they actually employ a larger proportion of men such as would be in your union per thousand pounds than an ordinary film such as you suggest, because there are no stars to pay, and therefore the proportion of money actually spent on the ordinary ruck of employees is proportionately higher?—That would be a very interesting point to develop in a discussion. I would reply guardedly by stating that from our observations shorts and newsreels, as we understand them, do not employ a great number of people at all. For instance, a short can easily be a one reel picture of the Lake District, but the net or the total number of people employed would be about three technicians.

1687. I wish to make only this point, that if that film cost 10s. a foot, 7s. 6d. might well be labour, and that a film may cost two pounds a foot and not more than 10s. may be labour?—I would agree there.

1688. From the point of view purely of employment there is a practical aspect of the newsreel film and the documentary and the short which cannot be ignored?—We would not attempt to, but, as I say, it is safe to say from our standpoint that a number of shorts and newsreels are and can be produced merely by the employment of about two or three technicians and no more. I am not, of course, including the labour involved in cutting and copying and duplicating, which has to be done with all films irrespective of what they are.

1689. Has there been any development, to your knowledge, in this country in the past ten years of the actual making of the film from the photographic point of view, the making of the actual negative, the development in this country, the preparation of the negative in this country?—No. As a matter of fact, from the knowledge in my possession, this country is hopelessly behind in regard to that in the manufacture and making of the celluloid negative itself. I do not know of any British film company or any subsidiary company which is engaged on the making of the celluloid negative.

1690. Are there no firms——?—One firm has, I believe, a factory where they are trying to do something in that way, but most of their negative stuff comes from America.

1691. That does not directly concern your Union?—No, not directly.

1692. Are you concerned with the stripping of the films to get the silver nitrate?—We are, indirectly.

1693. Have you had any complaints in that matter in regard to the working conditions?—There are very, very serious grievances which have been brought to our notice and brought to the notice of one of our colleagues in one of our other organisations in regard to the general working conditions in the laboratories of this country, both those attached to the film industry and those not attached to it, because it is the practice of a number of film producing companies to let out their developing to outside people. Some film companies will very soon have their own laboratories and general cutting apparatus, but generally speaking the conditions operating in the laboratories of this country in connection with the film industry leave very much to be desired.

1694. This does not directly arise under our Terms of Reference, but it is obvious that if we are asked by an industry to give them a further measure of protection for the manufacture of films in this country, the tendency will be not merely to import blank negatives from America but to make them here?—Yes.

1695. There are practical technical advantages in making their films and having them fresh and new?—Yes.

1696. Which will mean an extension of the manufacture of the celluloid?—Yes.

1697. And of the stripping of the celluloid?—Yes.

1698. Your memorandum makes no reference to industrial conditions?—No, we have not made any reference to the industrial conditions, because generally, as I have told you, the industrial conditions are very favourable in the film studios, with the exception of certain grades, such as laboratory grades and one or two general sections.

1699. Are they outside your Union?—The majority are unorganised.

1700. They are not in any other Union?—No; there are quite a few in another Union but the majority of those grades are unorganised.

1701. I have been told that conditions in certain laboratories dealing with the films are unsatisfactory.—Yes.

1702. Has that any relation to the organisation of the industry as a whole? You suggest that some of these film companies will shortly start up their own laboratories, and to that extent we may safely assume that the conditions will be improved?—Yes, we have the control there. Our industrial strength in the studio itself is sufficiently strong to impose upon the reluctant firms a remedy for such bad conditions. I am not suggesting for one moment they would adopt them.

1703. Are they structural remedies?—What do you mean by structural remedies?

1704. Cubic capacity, light, air, ventilation?—Yes.

1705. Are you satisfied that the Home Office Factories Department have got all the powers they require in such matters?—Oh, yes, and there are adequate provisions for refreshments and meals, and so on.

1706. Then how is it that these unsatisfactory conditions to which you refer have not been brought to the notice of the Factories Department of the Home Office?—Well, largely due to the fact that the employees are unorganised. You see, you must keep in mind the fact that the film industry has developed in one way very quickly in this country. This last three years especially have seen studios growing up around and about London, and we have had a great deal to do to keep in touch with the industrial conditions and to improve them as we go along, with negotiations with various producers—incidentally with whom our relations are very cordial. There is a very good feeling between the leading film producing companies and our Union. There are certain sections, such as the laboratories, which owing to their unorganised state cannot conscientiously expect the Union to interest itself on their behalf, but at the present time we are turning our attention to the unorganised employees.

1707. But within your knowledge there have been several fatal accidents in film stripping factories involving loss of life?—I cannot recall at the moment any fatal accidents in the film stripping side. There have been fatal accidents on the erecting side, and also in regard to the performance of stunts in the shooting of the pictures.

1708. No, I mean pure stripping of waste films?—I cannot recall any specific accident, although there was an explosion the other day where two people lost their lives.

1709. As far as you are concerned the Factory Acts are working and the Home Office have got full powers?—As far as our position is concerned, yes. (*Mr. Rogers*): I am inclined to answer that in this way, that the Factory Act Inspectors are not using the powers that they have to the extent that we would like them to do, because quite recently a big firm of picture makers brought two big American experts into the laboratories and the conditions were bad before these two men came, but they are very much worse to-day. In small rooms where girls were working they actually had to squeeze them up a bit to make room for another, and the girls had already complained about not having enough space to work in. I have worked in these laboratories myself and

I know what the conditions are, and since the importation of these two American experts the conditions are very much worse than they were before, and there is any amount of room for an inspector in these places. (*Mr. O'Brien*): My colleague is referring to the laboratories, of course.

1710. (*Chairman*): Well, gentlemen, we are very much obliged to you for your evidence.

(*The Witnesses withdrew.*)

EIGHTH DAY

Tuesday, 14th July, 1936

PRESENT:

The Rt. Hon. Lord MOYNE, D.S.O. (*Chairman*).

Mr. A. C. CAMERON, M.C., M.A.
Mr. J. S. HOLMES, M.P.
Dr. J. J. MALLON, LL.D., J.P.
The Hon. ELEANOR M. PLUMER.
Lt.-Col. Sir ARNOLD WILSON, K.C.I.E., C.S.I., C.M.G., D.S.O., M.P.

Mr. W. H. L. PATTERSON (*Secretary*).

Mr. G. R. HALL CAINE, C.B.E., M.P., called and examined.

The Committee had before them the following Report on the Cinematograph Films Act, 1927, submitted to the President of the Board of Trade by the Cinematograph Films Advisory Committee:—

29th October, 1935.

The Rt. Hon. WALTER RUNCIMAN,
President of the Board of Trade.

SIR,

1. In considering the various matters from time to time referred to it by the Board of Trade, and particularly the statements made by exhibitors who have defaulted in quota, the Cinematograph Films Advisory Committee has been impressed by the frequency with which certain difficulties in the several branches of the film industry have been attributed wholly or partly to defects in the Cinematograph Films Act, 1927. Moreover, the existence of defects of the kind referred to has been confirmed by the trade members of the Committee.

2. In the circumstances the Committee considered it desirable to undertake a full review of the Act.

3. As a result of that review, we are of opinion that two main problems urgently need solution. These are, firstly, the strengthening of Part I of the Act to enable the Board of Trade effectively to enforce it, and secondly, modification of the conditions of eligibility for the registration of films as British, with the object of securing that films so registered shall be of a reasonable standard of quality. We are convinced that any other amendments that may be desirable are consequential upon, or of minor importance compared with, those required to deal with these main problems.

BLIND BOOKING AND ADVANCE BOOKING.

4. The position as we understand it, is briefly, as follows:—

It is generally admitted that contraventions of the blind booking and advance booking provisions of the Act are widespread and that renters and exhibitors are equally at fault in this matter. It is suggested, however, that some of the major renters representing foreign interests are primarily responsible for the development of this state of affairs. Since the Act came into force, these renters have controlled a substantial majority of the films of satisfactory quality available for distribution, and they have taken advantage of their position to induce exhibitors to take bookings of blocks of films in contravention of both the prohibition of blind booking, and the limitation of advance booking. Some exhibitors also, in order to obtain films in advance of their competitors, seek illegal bookings of this kind. The growth of these practices has forced renters and exhibitors who are desirous of complying with the Act to commit similar irregularities. The illegal bookings are made by means of "Gentlemen's Agreements" and formal contracts are not completed until this can be done in accordance with the Act. The difficulty of enforcing the statutory restrictions lies in the fact that no offence is committed until an agreement has been made and that evidence of the offence can normally be obtained only from one of the parties to the agreement. Naturally, neither is willing to confess his contravention of the law, and, in addition, the exhibitor fears that, were he to give evidence against the renter, he might have his supplies of films cut off, and find his livelihood endangered.

5. We have considered various proposals for dealing with this matter, including suggestions that British renters should be exempt from blind booking and advance booking restrictions; that liability to penalties should be limited to renters, and that advance advertisement of films should be restricted to a limited period before the date of trade show. We are unable to recommend any of these proposals. However, at the Meeting of the Committee on the 5th July, 1934, when this matter was discussed, the Chairman suggested that the Board of Trade might be able, under its existing powers, to require each application for the registration of a film to be accompanied by a statutory declaration that the film had not been booked in contravention of Part I of the Act. The Committee was subsequently informed that the Board of Trade had been advised that they have no power under the existing provisions of the Act to impose this requirement.

6. Although the difficulty of obtaining evidence of an offence under this proposal would probably be little, if any, less than it has been hitherto, we are unable to devise any more promising method of dealing with the problem. We think that, provided the statutory declaration were sufficiently wide to cover all the servants of the renter, and not merely the person who made it, a requirement of this kind should have considerable deterrent effect, particularly as the renter alone would be liable to the penalties for making a false declaration, and would, therefore, run a greater risk in making illegal agreements than would an exhibitor. Section 3 might remain as at present, with the addition, as a further deterrent, of a provision enabling the Court to suspend or cancel the licence of a renter or exhibitor after three convictions for offences of this kind. We recommend accordingly.

Quality Test for British Films.

7. The existing conditions of eligibility for the registration of films as British make no provision for a quality test. Experience has shown that this is the major defect in the Act. Some renters, particularly those representing foreign interests, have taken advantage of the position to comply with the letter of the law by acquiring their quota films as cheaply as possible, with little or no regard to their entertainment value. These poor quality quota films are stigmatised as " quickies ". As the renters concerned control a substantial majority of the foreign films available, it follows that a large proportion of the films which rank for renters' quota are much inferior for exhibition purposes to the foreign films against which they count. In consequence, exhibitors in competitive areas who are unable to obtain films made by the principal British producers and are compelled to rely on foreign renters for their requirements, frequently find that they can only comply with the quota by showing " quickies " which are detrimental to their business. Some of these " quickies " go to the Dominions and Colonies where they are unfortunately regarded as examples of British films, with regrettable results.

8. There appears to be general agreement that the position in this respect is getting worse and threatens to become intolerable for many exhibitors now that the exhibitors' quota has risen to 20 per cent. from the 1st October, 1935. From the producers' point of view, " quickies " do not assist the development of the producing industry as would a similar number of films made honestly in accordance with the spirit of the Act, and they are damaging to the prestige of the British industry.

9. We are satisfied that the position is serious and urgently calls for measures to secure that British films which count for quota purposes shall reach a reasonable standard of entertainment value.

10. Various proposals for attaining this object have been made. Under one of these, renters who do not desire to acquire British films would be able to purchase quota certificates from renters who had acquired British films in excess of the quota, while under another a renter would be required to spend on his British films a prescribed percentage of his gross receipts from foreign films. We are unable to recommend either of these schemes.

11. Another proposal is, that the conditions of eligibility for the registration of a film as British shall include one requiring that the film shall have cost not less than a prescribed minimum amount. We recognise that the quality of a film bears no necessary relationship to the amount expended upon it, and that it is possible to produce a picture of good entertainment value at low cost. A minimum cost test, however, would have as its object the discouragement of the production of films of negligible entertainment value as cheaply as possible solely for the purpose of a nominal compliance with the renters' quota. That quota has now risen to 20 per cent. during each of the three years commencing on the 1st April, 1935. If, on this basis, a minimum cost test were imposed, the expenditure involved would be so substantial that it is reasonable to expect that renters would make serious efforts to ensure that the British films they acquired were sufficiently good to earn at least the amount spent on them.

12. In view of these considerations, we recommend the adoption of a minimum cost test for British films.

13. Proposals for such a test were made to the Board of Trade by the Federation of British Industries in May, 1930, and we submit the following scheme which modifies, but is based upon, those proposals.

14. We recommend that the conditions of eligibility for the registration of films as British should require that the cost of production of such films should be not less than £2 a foot, excluding certain classes of expenditure and the limitation of others with a view to ensuring as far as possible that items included in the statutory cost represent genuine and reasonable payments.

This production cost should:—

(*a*) exclude
  (1) cost of the copyright of the story;
  (2) cost of the copyright of any music used;
  (3) payment to the director(s) of the films;
  (4) payment to the author(s) of the scenario;

(*b*) include only
  (1) rent and location;
  (2) artistes;
  (3) technicians;
  (4) sets and decoration;
  (5) furniture and equipment;
  (6) costumes;
  (7) stock (film, etc.);
  (8) electric current;
  (9) musicians;
  (10) any other expenses directly and necessarily incurred for effective production of the picture, and so certified;
  (11) certified overhead expenses of the producing company.

The figures should be those of actual expenditure, substantiated by receipts and vouchers, if required.

The certificate of an accountant being a member of an incorporated society of accountants should be produced in substantiation of all cost figures.

To prevent evasions the examining authority should have the right to query, and in extreme cases to disallow, costs obviously in excess of current rates.

In the case of an artiste engaged on annual salary the admitted figure should be either the actual salary paid during the period of production or the annual salary paid divided by the number of productions in which the artiste appeared during the year (including times when the artiste may have been hired to third parties).

The amount admissible for overhead charges should not exceed the fair rate customary in the industry, to be certified by the certifying accountant, and in no event exceed 10 per cent. of the total cost of production.

15. There should be established a tribunal (which might be the present Advisory Committee) authorised to accept for registration British films which have cost less to produce than the minimum indicated above but which, on account of their outstanding merits or for other reasons, are, in the opinion of such tribunal, worthy of registration as British films.

16. Sub-section (4) of Section 27 of the Act should be amended to provide that, where a British film failed to secure registration solely because its production cost was below the stipulated minimum, any such disallowed British film should not be deemed to be a foreign film, but should be placed in a neutral category that does not require British quota.

17. Sub-section 3 (iii) of Section 27 of the Act, which requires that the author of the scenario must be a British subject, should be repealed. Similar recommendations have previously been made by trade organisations and by the Advisory Committee, and we understand that it is now generally agreed that this requirement is no longer necessary.

18. In order to discourage excessive payments to foreign technicians and artistes for the purpose of swelling the total cost, for example, by producing units in this country making use of the services of persons employed by associated organisations in foreign countries, we recommend the retention of sub-section 3 (iv) of Section 27, which requires that 75 per cent. of the salaries, wages and payments for labour and services in the making of a British film shall be paid to persons of British nationality or domicile.

Small Renters.

19. We have carefully considered the position of small renters to whom British films costing the prescribed minimum might be financially out of scale with their normal business in foreign films. We recognise that renters of this class fill a necessary place in the film industry and that our proposal for a tribunal empowered to recommend the special registration of films which cost less than the statutory minimum does not meet the need of them and minor producers for the assurance that films that satisfy all the requirements of a British film except that of cost will be registered on completion. The grant or refusal of registration would appreciably affect the commercial value of such films and the absence of an assurance of registration would seriously handicap persons who desired to make and rent them. At the same time it would be necessary to secure that any concession made in this matter should not be taken advantage of by renters for whom it was not intended. It may be difficult to prevent the abuse of such a concession, but we submit in Appendix A to this report an outline of proposals for dealing with this matter subject to adequate safeguards.

Special registration of films falling within the excepted classes.

20. We suggest an amendment of Proviso (i) to Section 27 (1) to enable films of any of the excepted classes submitted for registration under that proviso to be registered either for the renters' and exhibitors' quotas or for exhibitors' quota only. As such films would be submitted for exceptional registration on the ground of their special exhibition value, they could be admitted on that ground notwithstanding that they might have cost less than the prescribed minimum.

21. The main object of the proposed cost test is to prevent the making of films cheaply without regard to quality, merely for the purposes of the renters' quota. Films registered under Proviso (ii) of Section 27 (1) do not count for renters' quota, and accordingly there is little incentive to the renter to acquire them unless they are of marketable quality. Accordingly we think that films of the classes eligible for registration under this Proviso should not be required to comply with the minimum cost test.

All-film Quota.

22. For the reasons stated in the Report on Short Films made by the Advisory Committee to the Board of Trade in February 1933,* the substantial production of short films in Great Britain under existing conditions does not appear to be commercially practicable, and in consequence the number of such films registered has at all times been insufficient to enable either renters or exhibitors to cover their foreign short films by British short films. The effect of the all-films quota, therefore, has been to compel the acquisition and exhibition of long films substantially in excess of the long films quota.

23. We therefore recommend that, if the proposed cost test be adopted, the all-films quota, which includes both long films (3,000 feet and over) and short films (films of less than 3,000 feet) should be abolished, and the renters' and exhibitors' quotas be limited to long films only.

Renters' Quota.

24. We further recommend that the renters' quota should continue to be related to a percentage of the footage of the films acquired. The footage of British films required by a renter on this basis would determine his statutory financial liability. He should be permitted to discharge this liability either by acquiring the statutory footage at the minimum cost of £2 a foot, or by a less footage at more than the minimum cost, subject to a maximum of £4 a foot. For example, the financial liability of a renter for whom the footage quota represented 50,000 feet would be not less than £100,000; this sum might be spent, say, on eight films of 6,250 feet each at £2 a foot, or on four films of the same length at £4 a foot. In so far as the alternative of acquiring fewer but more expensive films were adopted the quality of the films made might be expected to improve, but the number of films available to exhibitors from renters who complied with, but did not exceed the quota, would be less. The output of films from the major renters representing British interests would, however, presumably not be affected in that way and might be expected to expand so that the footage of British films registered by renters as a whole might be not less than the statutory footage quota for individual renters.

Exhibitors' Quota.

25. The adoption of our proposals for a minimum cost test, for its application to the renters' quota, and for the abolition of the all-films quota would result in a substantial reduction in the number of registrations of British long films. On the other hand, the abolition of the all-films quota would also reduce the number of British long films required by exhibitors for quota purposes. Moreover, while the British films available, if they were equally distributed, would doubtless be more than sufficient to enable all exhibitors to comply with a quota equal to that of the renters, the conditions in competitive areas, from the pressure of circuits and in other ways, frequently make it difficult for independent exhibitors to obtain an adequate number of such films. We think it essential that the exhibitors' quota should be fixed at a lower percentage than the renters' quota and we recommend that the renters' quota being 20 per cent. the exhibitors' quota should be 15 per cent.

"Try-out" exhibitions of films before trade show.

26. We understand that "try-out" exhibitions of films to the public before trade show for editing purposes are illegal but that provided a film is so exhibited on one occasion only without advertisement the Board of Trade take no exception to the practice. We agree that such "try-outs" should be permitted and we recommend that they be legalised by an appropriate addition to Section 5 (1).

Duration of the Act.

27. In spite of the defect which experience has revealed, the Act has undoubtedly been an important factor in the remarkable growth of the film producing industry in this country in recent years. In our opinion its main principles have proved, during the period of nearly seven years which has elapsed since it came into force, to be sound and we think that, if the defects referred to in this report were remedied, it would continue to benefit the British industry.

(Sgd.) ARNOLD WILSON (*Chairman*).

On behalf of the undermentioned members of the Cinematograph Films Advisory Committee, namely:—

Mrs. H. A. L. FISHER.
Mr. P. GUEDALLA.
Mr. G. R. HALL CAINE.
Mr. J. HALLSWORTH.
Mr. E. HEWITSON.
Mr. A. B. KING,*
Mr. J. MAXWELL,*
Mr. S. W. SMITH.
Mr. E. TROUNSON,
Mr. C. M. WOOLF.

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* Printed as Appendix B.

* Subject to the reservations appended hereto.

Reservations by Mr John Maxwell.

With regard to the Committee's proposal for the retention of Sub-section 3 (iv) of Section 27 of the Act, I consider it desirable, in view of the fact that it is proposed to require foreign interests to make bigger and more expensive pictures, to give a little more latitude as to the salaries paid to foreign artists or Directors. I think there should be an increase from one to three of the persons who may be excluded under the sub-section. In view of the enlarged scale on which British production is embarking, in order to secure distribution in the American market, it is now recognised as necessary to introduce important foreign stars into British pictures to make them saleable all over the world. Even if two important foreign star artists and a Director were included it would not make a film any the less a British picture if it were made here, but to widen this clause would make it possible for American companies to bring over outstanding stars without endangering the possibility of the picture being entitled to quota. I think this is a very important point at the present time. Nobody would suffer in this country—indeed, it would help employment here by making it possible to make bigger and more expensive pictures.

(Sgd.) JOHN MAXWELL.

Reservations by Mr. A. B. King.

I am in general agreement with my colleagues on the proposals contained in the report.

I consider, however, that the 15 per cent. suggested as the Exhibitors' quota is excessive and should be 10 per cent.

The proposal to include a cost factor to be applied to British films for quota purposes and the suggestion that films costing £4 per foot or more should count for double the quota so far as the Renters are concerned, will undoubtedly reduce the number of British films available to exhibitors.

I do agree that these proposals will encourage the production of better films and discourage the production of cheap "quickies" which are doing so much harm to the reputation of British films generally. Having regard to this and also to the desireability of leaving the Exhibitor with some power of selection, I think there should be a substantial margin between the Renters' quota and the Exhibitors' quota. Without such a margin, the Renter is inclined to rely too much on the Quota Act to secure bookings, with the result that there is not sufficient incentive to improve the quality of product.

In view of all these circumstances, I have come to the definite conclusion that the Exhibitors' quota should not exceed 10 per cent.

I am also strongly of the opinion that, should the period of the Act be extended, power should be given to the President of the Board of Trade to vary the prescribed quota percentage as conditions in the Industry might render desirable.

(Sgd.) ALEX. B. KING.

Recommendations by Mr. C. P. Metcalfe.

I have carefully considered the report agreed upon by the majority of my colleagues on the Cinematograph Films Advisory Committee on the subject of the amendment of the Cinematograph Films Act, 1927; and desire to submit the following observations upon it and also some alternative and additional proposals.

1. *Blind Booking and Advance Booking.*

I agree that the provisions in the Act have been generally disregarded. Such disregard is evidence, I think, that the trade does not want them. Therefore my view is that those provisions should be abolished.

In so far as they could be made effective they would have a bad influence on the development of the industry because they would operate unfairly as between the independent producers and independent exhibitors on the one hand and those producers who are controlled by or who control cinema circuits on the other hand; these provisions of the Act can never be operated against the last named class.

If it is decided to retain the provisions in spite of their disadvantages I am of opinion that the recommendation of the Committee to provide for a "Statutory Declaration" would be absolutely ineffective because it would not assist in the detection of offenders.

To assist detection the penalties should be limited to one of the parties only, and, as every contract for the hire of films originates in an offer made by a renter, my view is that the penalties should apply to the renters only. Further, if these provisions are retained the Act should provide a simple system of registration of all film hire contracts with power to inspect them.

2. *Quality Test for British Films.*

I am in full agreement with the object of the Committee which is to bring into existence better quality quota films, but I do not believe that a cost test, *per se*, would accomplish that object and I am strongly opposed to a cost test based on footage.

My opinion is that all British Films should be allowed to rank for exhibitors' quota, but that only those British films which successfully pass a quality test should be allowed to count as quota against foreign film imports.

In that way British producers and British renters would not be interfered with. All the films they make are genuinely intended to be good ones, and if, occasionally they produce a bad film, as is inevitable, it is their misfortune and they should not be penalised for it.

The foreign renters' case is different. They are undoubtedly unwilling to make good quota films, just as they avoid making a foot more British film than the Act compels them to make, so they will continue to make films of the poorest quality possible, quite independent of their cost.

They will only make good quota films when they are compelled to do so and the only way to compel them is to impose a quality test.

The British Board of Film Censors requires films to register up to a certain moral and ethical standard, so surely it is quite as reasonable to demand that they register up to a "production" standard, not necessarily based solely on box office values.

The argument that it is impracticable to impose a quality test is apparently not shared by the Advisory Committee, for they recommend such a test in the cases of films costing less than the suggested £2 per foot.

My opinion is that foreign renters' quota should be based on two dimensions:—

1st Footage as at present.
2nd Quality.

3. *Cost Test.*

If it is thought necessary to add a cost test, the cost should not be based on footage. A cost test such as is recommended by the Committee would prevent certain types of films which do not earn large sums at the box office, but which are nevertheless in demand by many cinemas, from being imported, as the cost of quota against them would be prohibitive.

It would put a premium on extravagance, put some of the smaller producers out of business, would restrict expansion and would tend to create monopolies by preventing new production units from coming into existence, unless they were very heavily financed.

Any cost quota should be based on the foreign renters' revenue from the hire of films. I suggest it should be the same percentage of such revenue as the footage quota is of his release footage.

Unless a quality test is imposed exhibitors' quota should be abolished entirely.

I am opposed to the recommendation that films costing £4 per foot or over should be allowed to count double for renters' quota.

I am of opinion that power should be given to the President of the Board of Trade to vary quotas and other similar provisions from time to time, as conditions of the trade may make desirable, or they should be capable of alteration by " Orders in Council " or other similar means.

The scope of the Act should be extended to provide a scheme of compulsory arbitration in the case of certain classes of dispute arising between different sections of the industry.

(Sgd.) CHAS. P. METCALFE.

Recommendations by Mr. F. W. Baker.

I am in general agreement with my colleagues on the proposals made in the Report F.A.C. 164 under the following headings:—

Blind booking and advance booking.

Special registration of films falling within the excepted classes.

All films quota.

Exhibitor's quota.

" Try-out " exhibitions of films before trade show.

Duration of the Act.

I am also in agreement with the main principles of establishing a quality test (for British films to fill Renter's quota) based on a value, but I am of the opinion that basic cost per foot would be more easily administered if applied only to British salaries and wages shown on the Registration Form " C " than if applied to the total cost of the film.

I am opposed, for the following reasons, to the recommendation that the quality test should be applied to all British films.

(1) The proposals are against public interest in as much as they are restrictive and cannot fail to discourage entry of new production units, resulting in a decrease of " worth while " British films.

(2) That the recommendations would tend to reduce the number of films available to exhibitors and it would appear that any fixation of a minimum price per foot for films before they can be registered as British would tend to impose hardships on small or independent renters and a deterrent upon initiative.

(3) The small or independent renter should receive full consideration as he has not the entry to the circuits controlled by the two major British Companies which, by reason of their exercising the combined functions of production distribution and exhibition, are able to ensure the exhibition of the product they have made and which they rent, and whose position for distribution would be favoured by a reduction in the total number of British films available for offer to exhibitors.

(4) The proposals as to cost would tend to drive out of business small or independent renting organisations and would thus give a virtual monopoly to the few larger British Renter/Producer/Exhibitor concerns. During the 12 months ended 31st March, there were 106 long British films registered by foreign Renters and 88 registered by British Renters. Of these 88, 54 were distributed by the two larger British companies, leaving only 34 distributed by small British Renters. It will be appreciated that a vast number of independent Exhibitors are unable to obtain, upon terms satisfactory to them, any of the 54 films rented by the two major British concerns and are in consequence, forced to fill their British quota from either the 106 British films rented by foreign Distributors or by the 34 rented by small British Renters. Any diminution in this last number must be detrimental to the independent Exhibitor as tending to put him in the position that, desiring to exhibit some of the attractive films distributed by foreign Renters, he will find it an obligation, in order to acquire such films, to book at prices dictated by those same Renters, the British films distributed by them.

At the present time, much of the opposition emanating from the Exhibitors against " Quickies " arises from the fact that in order to acquire the attractive foreign films rented by foreign Distributors, they are obliged to obtain the " Quickies " offered by the same Distributors to fulfil their Quota obligations.

(5) The proposals in regard to British films placed in a neutral category are unsatisfactory as these films would, by their definite limitations not be required by Exhibitors and would therefore involve the Renters in considerable additional difficulties in distribution.

I note in the Report that it is thought that the suggestion for the quality test might fall hardly upon small renters with the result that an appendix was attached to the Report, giving an outline of proposals for a modified standard minimum cost for such renters. In my opinion such proposals open up a grave difficulty that any small renter who desired to take advantage of such proposals would find the conduct of his business entirely dependent upon the attitude, sympathetic or otherwise, of the Board of Trade.

I am also of the opinion that the suggested tribunal authorised to accept for registration British films which have cost less to produce than the minimum, could not be a satisfactory commercial proposition.

The Report clearly shows the unanimous conclusion arrived at by the signatories is that the " Quickie " is a defect of the Act. I would suggest, therefore, proposals which, in my view, deal with that aspect but confine themselves thereto.

I propose that the Act be amended so as to require renters to acquire British footage in proportion to the foreign footage registered and upon such British footage a quality test, by means of a price per foot, be applied. This would leave any renter free to offer in the ordinary course of business, and without the means of exerting pressure on exhibitors, other British films which have complied with the conditions of Section 27 (3) of the Act but have no limitation or requirement as to cost.

Any British picture would, under this proposal, be able to be counted as quota by the exhibitor, but would not count for quota for the registering renter unless it complied with cost requirements.

I suggest that this proposal would not encounter any of the objections which I have indicated above as being applicable to the scheme favoured in the Report in Memorandum F.A.C. 164, some of which objections are so obvious that the signatories of the Report have had to suggest ways of overcoming them.

On the question of setting up a price standard on British films to comply with renters' quota, I would suggest that consideration be given to a formula which would vary the price per foot for different renters by a sliding scale based on foreign footage registered, the scale ascending in proportion to the rise in footage.

(Sgd.) F. W. BAKER.

APPENDIX A.

Small Renters.

Outline of proposals for a modified standard minimum cost for British films acquired for the purposes of the renters' quota.

Any renter who considered that British films of standard statutory cost would not be financially practicable for him might be given the right to apply to the Board of Trade within, say, two months of the beginning of a renter's quota year to have that cost related to his gross receipts from foreign films in the previous quota year, and the Board of Trade, after consultation with the Advisory Committee, might be authorised to fix such lower standard statutory cost as might appear to them to be reasonable having regard to all the circumstances of the case. The conditions of eligibility for registration of films as British for the purposes of that renter's quota would then, in the year of the application, be the general statutory conditions with the exception that the minimum cost would be that fixed by the Board instead of £2 a foot.

Any film registered under these conditions should be allowed to count for renter's quota only by the renter concerned. Any excess over the reduced standard cost should not entitle the renter to satisfy the quota by a reduction of footage except in so far as the cost exceeded £2 a foot. The reduced cost standard should continue in force only during the year in respect of which it was fixed by the Board of Trade. Application might, however, be renewed annually if desired. Statements of gross receipts in support of claims should be furnished in a form to be prescribed by the Board of Trade and should be certified by an accountant being a member of an Incorporated Society of Accountants. The Board of Trade should be empowered should they think fit to require the renter to submit his accounts to investigation by an independent accountant appointed by the Board and to pay the expense of the investigation.

The concession should be limited to renters who did not acquire more than a limited number of long films in a year or whose average gross receipts for each film did not exceed a specified amount and the Board of Trade should be given discretion to regard allied and associated companies and organisations as a single renter for the purposes of the concession.

APPENDIX B.

The Right Honourable the
President of the Board of Trade.
February, 1933.

Sir,

1. As you are doubtless aware the quota provisions of the Cinematograph Films Act, 1927, must be satisfied as regards both long films (i.e. registered films of 3,000 ft. or upwards) and all films. In consequence an excess over the long film quota may be offset against a deficiency of British short films (i.e. registered British films of less than 3,000 ft.) for the purpose of satisfying the all films quota, but an excess of British short films may not count towards the long film quota.

2. We have observed from the statistics of registered films periodically furnished to us by the Board of Trade that whereas the production of British long films since the Act came into force has more than kept pace with the periodical increases in the statutory quota, the production of British short films has failed to do so. During the last renters' quota year ended 31st March last, when the quota was 12½ per cent. while the percentage of British long films to all long films registered was as high as 25, the corresponding figure in the case of short films was only 6·2. We have also observed that many of the exhibitors whose quota defaults have been submitted to us for consideration have defaulted in respect of the all films quota only, any excess on the long film quota having been insufficient to make good the deficiency in the British short films exhibited.

3. In these circumstances we have considered it desirable to investigate the difficulties attending the making of short films in this country, and how those difficulties may be surmounted. For this purpose Mr. Rowson, one of the renters' representatives on the Committee prepared a memorandum on the subject for our information. A copy of this memorandum is attached.

4. The memorandum takes the view that the difficulties attending the making of registered British short films are commercial rather than technical, and that under present conditions the making of such films does not, and probably cannot be made to pay. Those conditions are attributed to a number of causes including:—

(*a*) The concentration of exhibitors on the feature items of their programmes leading to a comparative neglect in the selection of the short items;

(*b*) the great excess in the supply of short films, mostly foreign, over the demand;

(*c*) the prevalence of the trade practice of selling feature films on sharing terms under which renters supply supporting programmes, the majority of which include shorts, thus seriously restricting opportunities of selling good shorts independently at commercial prices;

(*d*) the growing practice of exhibitors of adding a second feature film and sometimes one or more variety items to their programme in substitution for short films;

(*e*) the absence of practically any sale for British shorts outside the British Isles, with the result that the entire cost of such films must be recovered in the home market;

(*f*) the over-supply of British long films beyond those required for long film quota purposes, which has restricted the demand for British shorts to cover quota liabilities for the foreign shorts shown;

(*g*) the operation of the "series" clauses of the Act, as administered by the Board of Trade with the advice and approval of the Advisory Committee, which tends to reduce the commercial possibilities of British shorts.

5. We have discussed at length the possible methods of overcoming these difficulties. It is clear that some of the remedies which have been suggested to us would depend for their effectiveness upon the extent to which they were generally adopted by the film trade itself, while others might be put into operation by administrative action on the part of the Board of Trade.

6. In some respects, however, we are of opinion that the situation might be materially improved if it were found possible to make certain amendments to the Cinematograph Films Act, 1927. The amendments which we suggest for consideration are as follows:—

(*a*) Under Section 27 (2) of the Act, "serial film or series of films means a serial film or series of films comprising a number of parts not exceeding 26, each part not exceeding 2,000 ft. in length, intended to be exhibited on successive dates at intervals not exceeding fourteen days."

We are of opinion that the relaxation of the requirement fixing two weeks as the maximum interval between consecutive exhibitions of parts of a serial film or series of films would tend to an increase of business in short films by permitting greater elasticity in the arrangement of dates of exhibition. We recommend the amendment of Section 27 (2) of the Act for this purpose;

(*b*) we are also of opinion that, notwithstanding the restrictions imposed by the Act upon the blind booking and advance booking of films, the introduction of a system whereby short films might be sold to exhibitors on an indefinite service or running contract similarly to "news" films, subject to provision being made for the termination of contracts by reasonable notice on either side, is desirable. We therefore recommend the amendment of the Act to permit the introduction of such a system.

7. We understand that you are considering proposals made to you in April last by a deputation representing the Film Group of the Federation of British Industries and the General Council of the Trade Union Congress for the amendment of the Cinematograph Films Act, 1927, in certain respects, and we therefore ventnre to urge that amendments on the lines of those we have recommended should be considered at the same time.

On behalf of the Cinematograph Films Advisory Committee.

(Sgd.) L. N. GUILLEMARD,
Chairman.

THE PROBLEM OF BRITISH "SHORTS."

"The difficulties attending the making of short films" (i.e. registrable and therefore counting for quota)—referred to in the question put at the last meeting of the Committee, are merely commercial. Under present conditions they do not pay, and I believe they cannot be made to pay so long as those conditions prevail. Exceptional cases may arise from time to time, when a satisfactory commercial return for special shorts may occur, but these are so rare that the general conclusion in the previous sentence may be regarded as fully conforming with experience.

A statistical measure of the problem is provided by the information contained in the tables prepared by the Board of Trade for the Advisory Committee. These show that in the year ending March last the length of registered British shorts amounted to 7·3 per cent. of all British films whereas foreign shorts amounted to 26·6 per cent. of all foreign films. There is thus an enormous disparity in the proportions of British and foreign "longs" and "shorts" respectively on the market. In the first case there is available nearly 13 feet and in the second case only three feet of long film to each foot of short.

The following figures give, I believe, a more instructive view of the statistical situation. In the last quota year (i.e. April, 1931-March, 1932), when the quota liability was 12½ per cent., British "shorts" registered by renters amounted to 6·4 per cent of *all* "shorts," whereas British "longs" amounted to 23·9 per cent. of *all* "longs." If the production of British "shorts" had grown *pari passu* with the production of "longs," nearly four times as much "shorts" would have been produced. If British "shorts" had been produced to satisfy the quota requirements in respect of short films without trenching on the long films for this purpose, nearly twice as much British "shorts" would have been produced.

The figures, by themselves, are not conclusive in proving a shortage from the point of view of the exhibitors. There might be an average of twice as many showings for British "shorts" than for foreign; in that case there would not be any shortage of British films. But taken in conjunction with the hundreds of returns from defaulting exhibitors which have come under the review of the Advisory Committee, nearly all of which show that short films are in greater deficiency than long films, we may regard it as definitely established that there is an unquestionable deficiency in British "short" films.

There are many causes contributing to this result. Some of these may be of small importance, but together they suffice to overwhelm all the efforts and enterprise of the most commercially-daring manufacturers and the most skilled distributors.

The first of these causes arises from the concentration of the exhibitor on the feature item of his programme for his attraction. On this he concentrates all his publicity presentation values, and attention, to the comparative neglect of the "shorts" items in his programme. These items are put on, frequently without rehearsal, sometimes without examination of condition, and much too often without any regard for the character of the neighbouring items. Everything is done to concentrate the entire attention of the public on the feature, and success in the cinema is made to depend only on the agreement of the public with the exhibitor on his feature selection. The effect of this kind of showmanship, whose wisdom need not be questioned, is that the exhibitor has little interest in his "shorts," and he is convinced that the public are equally disinterested. In filling up his programme with "shorts" he is accustomed therefore to choose what is cheap rather than what is good, and the pressure tends always to bring prices downwards. For this reason the market price for "shorts" tends to become too low to become commercial.

Again, the supply of "shorts" is much greater than the demand. Out of a programme containing 140 minutes of registered subjects it is doubtful if ever more than 20 minutes or 14 per cent. will be given to "shorts." Yet the figures quoted show that the length of "shorts" offered by the renters amounts to more than 22 per cent. The jostling competition of this over-supply for the limited market brings about a still further tendency to depress prices.

Perhaps the most serious contributory cause to low prices is the trade practice which has grown up in recent years among renters. In their insistence on "sharing terms" for their feature films to take the place of the old "flat rate" which was common in the old "silent" days, renters have found themselves compelled to supply a supporting programme—consisting of, in some cases, a second feature, but more frequently one or two comedies. The exhibitor generally leaves the selection of these supporting items to the renter who, in his turn, has been tempted to supply such "shorts" as could not be sold independently to the exhibitor. Not only is the reputation for "shorts" destroyed or depreciated by these means, but the available free market into which worth-while "shorts" might be sold is very considerably restricted. There is no doubt whatever that this practice in recent years, encouraged by the depression, has reduced very considerably and very seriously the opportunities for selling good "shorts" at commercial prices.

One more contributory cause may be mentioned. To meet the prevailing depression in the industry, exhibitors have very extensively adopted the practice of adding a second feature and sometimes one or more "turns" to their programmes, in order, by such a combination of added attractions, that some improvement in the box-office returns might be achieved. Whether these practices have averted the box-office depression need not be discussed here; we are concerned only that these changes have made further encroachments on the time in the programme not occupied by the "star" feature attraction.

The conditions described so far apply to foreign and British "shorts" alike. There are however certain other conditions which affect adversely British "shorts" even more than foreign "shorts". The first of these is the absence of, practically, *any* sale whatever of British "shorts" in any market outside the British Isles. Even more therefore than in the case of long subjects—for which some market is growing in the Empire and even in the U.S.A.—the entire cost of " shorts " must be returned in the home market. These are therefore at serious commercial disadvantage in competition with foreign " shorts ".

The enormous over-supply of " long " British features beyond what is required for " long " quota purposes, has restricted the demand for British " shorts " to cover the quota liability for foreign " shorts " shown. The demand which it was hoped therefore that the Act would create for British " shorts " has, in fact, not been realised.

Finally, the operation of the " series " clauses of the Act—as administered by the Board of Trade with the advice and approval of the Advisory Committee—tends further to reduce the commercial possibilities of British " shorts ". In order that the sale of " shorts " should not be loaded with too heavy a burden of sales costs, the Act made special provision for the sale of any number of " shorts " up to 26, so long as the first three were booked from time to time, for exhibition within the booking period. For administrative purposes it has been found necessary to limit the definition of " series " very considerably, and some time ago the trade was asked to impose on itself, voluntarily, the condition that it would not seek to register more than 13 numbers in a series at one time. The result is that British manufacturers are compelled to limit their attention to subjects which will unmistakeably comply with the " series " test of the Board of Trade, and/or which can be sold separately to exhibitors. This, in practice, proves to be a very definite and appreciable handicap on the commercial exploitation of British " shorts ".

The obvious conclusions for the foregoing discussion are as follows:—

1. If British " shorts " are desired by exhibitors, they must reserve a portion of their programme for them. This might be done either by reserving a small percentage of their playing time for British " shorts ", or by reserving for British " shorts " at least the quota percentage of foreign " shorts ".

2. The introduction of a wider definition for " series " so as to admit a greater variety of subjects for registration as a " series ".

3. The restoration of the practice permitting 26 subjects to be registered in a series.

4. An amendment of the two-weeks maximum interval between consecutive exhibitions of subjects in a series.

5. The introduction of a system whereby " shorts " might be sold to exhibitors on an indefinite service contract, similar to the " news " film.

These changes would, no doubt, have the effect of making the manufacture of " shorts " a better commercial possibility than at present. I refrain, however, from saying whether I recommend them, until the views of other interests can be made known upon them.

(Sgd.) S. ROWSON.

4th July, 1932.

1711. (*Chairman*): We have been looking forward to this opportunity because we appreciate that your Committee have been examining the same subject. They have had long experience in the administration of the Cinematograph Films Act and have given the matter much thought, the results of which we should like to have at our disposal?—I shall be only too happy.

1712. So may I just ask you a few questions. The Report is very clear in its recommendations. In paragraph 6, as to provisions to combat blind and advance bookings, you suggest that there should be a statutory declaration. Would it be useful to go further and, where the offence is proved, cancel the registration of the film? That would be a very strong penalty?—I think you can only tackle the subject by bringing in the strongest possible penalties. If I may just explain for a moment: this is a problem in regard to which you will find you have to protect somebody from himself. In the beginning, at the time of the introduction of the Bill which is now an Act, the exhibitors, if you remember, came to the Government complaining that they were under the heel, as you might say, of the foreigner, and saying that this blind and block booking was throttling the industry. Producers particularly said so. The point of the exhibitors with regard to block booking for two years, as they were doing at that time, was that in two years' time the film that they had booked was usually out of date. That was the problem which primarily the Act set out to solve: to make an outlet for British films and to release the exhibitors from the thraldom of the foreign renter and producer. It worked very well for a little time; and then the exhibitor, being weak, gave way to the blandishment, shall we say, of the foreign renter, and gradually weakened and weakened and began to break the Act. Quite frankly, we have not found it possible to stop that gap. This does not stop it.

1713. A declaration will not stop it?—We do not pretend that this stops it; we think it will act as an additional deterrent.

1714. We have had a suggestion made—it may be in one of your minority reports—that penalties should only lie against the renter and not against the exhibitor. Do you consider that possible?—I think if you make the penalty on both sides you always have the difficulty of finding someone to turn King's evidence; if you make the penalty on one side, at any rate you have a little more hope of getting some evidence. Our difficulty always has been to get somebody to give evidence.

1715. Am I right in thinking it was in one of your minority reports?—Yes.

1716. You approve of that?—I think it should be on one side only, yes, I do.

1717. And you approve of the cancellation of registration as a penalty, do you?—Yes, I do certainly; I think the stiffer you can make it the more complete will be the deterrent; but I do not think you will completely stop it by this method. I am sorry; but we put forward this recommendation in the hope that it would add an additional deterrent.

1718. Do you think you can go further than this in dealing with block booking, because I take it block booking is a great evil apart from the blind booking?—Yes.

1719. Could you deal with what we understand sometimes happens: the renting of a film that is much desired only on condition that less desirable ones are taken?—That it so.

1720. Do you think it is possible to deal with that by any statutory provision?—I think it would be most desirable if we could stop that form of bribery, if I may use the word, by which they say: You shall have a Charlie Chaplin if you will take a lot of this other stuff. That is block booking; in a sense it is both blind and block, because they have not seen any of them.

1721. Have you got any definite proposal for dealing with that allied difficulty?—No; the difficulty with which you are faced is the fact that it is at present illegal but you cannot get any evidence to stop it.

1722. It is not illegal to block-book—to agree that you will take the whole of somebody's output provided it is not against the blind booking or the advanced booking?—I see what you mean, if it is within the ambit of the Act?

1723. Apparently it is quite legal within the limitations of time?—Within the limitations of time, of the 6 months and the trade show.

1724. And, of course, you cannot prevent it where the renter goes out, as, for instauce, in this new amalgamation of which we have read in the last day or two; then there is nothing to prevent block-booking against the interests of other producers in this country?—That would be a block-booking within your own circuit; that I am afraid it is going to be very difficult to prevent.

1725. There would not need to be any contract?—No.

1726. It would be the natural procedure: they would sell to their own subsidiary?—Yes; but then you get over that perhaps in another way, by the later date, where we put forward the test of what shall be.

1727. Yes. Then in paragraph 14 you recommend a cost test on the basis of not less than £2 per foot?—Yes.

1728. And you go on, I think, to include certain specified headings and to exclude certain other headings in arriving at the cost. Could you tell us how your basis differs from that under Form C, and whether it really is better than Form C, which I believe works out to something like 50 per cent. of the total cost on the basis of experience?—Yes. It differs in this way: we sat down to consider in what way our cost test could be avoided; I mean how they could still comply with it and yet spend the money in ways which would not be altogether shown in the quality of the picture shown on the screen. For instance, we felt that we should exclude the cost of copyright of the story, because it is possible to give very large figures for copyrights of film stories. We also felt that the payment for directors could be very extravagant and perhaps out of all proportion to the value which the director contributes to that picture; at any rate, it was a means of avoidance. We felt that the author of the scenario might be used or the various authors might be used in some ways. In other words, to put it quite frankly, these are the best ways we know by which to make a picture seem to cost a lot of money and really not cost the company much at all.

1729. You think Form C gives an opportunity for cooking?—Yes; we think this is an improvement.

1730. As against the basis of Form C, you recommend this as being more watertight?—These are to the best of our knowledge and belief and the best expert advice we can get; any money spent on this must definitely go into the film itself.

1731. I wondered whether there would be administrative complication in having two bases of computation?—I do not think so, because the four that we exclude are very easily ascertainable.

1732. In paragraph 16 you propose that films which do not qualify before the tribunal on your basis of cost should be placed in a neutral category?—Yes.

1733. And not be counted for quota. The producers have I think proposed to us that they should count for exhibitor's quota but not for renter's quota?—Yes.

1734. What do you feel about that?—Well, I think there is some disadvantage to the young and enterprising and genuine British producer if you make a cost test the only test of the quality of a film; and it was brought to our notice very strongly that there was in his country a rising number of young producers—when I say " young " I mean new producers—who were making perfectly genuine British films without having the overhead costs which some of the bigger companies had to bear; and this was put in in order to try and find a means of encouraging these smaller but quite genuine British producers as opposed to the people who are definitely trying to avoid compliance with the Act.

1735. These are British films and you recommend that they should be placed in a neutral category that does not require British quota; that really means it would not count for British quota?—Yes; what we mean is that they do not count against the exhibitor.

1736. They do not count against foreign. Well, would you see objection in the producers' suggestion that they should count as quota but that they should be stigmatised and labelled?—No.

1737. Or that they should be without the label of the quota? You would have them right out of the quota altogether?—Yes; my Committee took the view that they would prefer that to be the case; but they do not like the idea that they should be stigmatised, because I know that that point was raised against us when we made this suggestion: that it would rather make fish of one and fowl of another; but we do not feel that. If these films were passed by some Committee, whether it be the present Advisory Committee or otherwise, we think they would rather be accentuated in value than lose in value, because we would have said that although this picture does not come up to the £2 standard, it is a very good picture. That is really what we are saying in point of fact.

1738. But those are for the pictures which are admitted to quota because of quality?—Yes.

1739. But the pictures which were not admitted to quota either because of cost or quality—it was not proposed that they should be stigmatised, and that was one of our difficulties. It is quite right: I misrepresented the suggestion. You would only stigmatise the low quality picture that does just squeeze through the cost qualification?—Yes.

1740. And it was suggested that both the worst pictures which did not rank for quota and the best pictures that had not been counted for quota would equally be in an unlabelled category?—Yes. If a picture is not of merit of that kind, I do not think it should. The whole idea is to raise the standard of the quota picture, and if you allow any loophole of that sort I think you might open a gate.

1741. They would not count for quota, and there would be no inducement then on the exhibitor to show them?—Yes.

1742. Perhaps you would develop what you say about small renters and as to the necessity of complicating the qualification on the cost by varying standards?—Well, that is what I was saying just now, Sir: it is beause we felt that it might be a serious handicap to the coming new British producer, who is in earnest and trying to come in but who has not yet got sufficient capital and who is not handicapped by having very distinguished stars on his salary list and other very high expenses, but still can produce a thoroughly good picture, that we tried to find some means of encouraging that type of producer.

1743. Then perhaps I misunderstood it: these films would only be registered but would not rank for quota?—Yes.

1744. I am looking at Appendix A. You say it would rank for quota?—Yes, we do let them rank.

1745. That seems to me to be rather a difficult provision; I should have thought that the new category which did not rank for quota would give an opportunity for these young producers to sell their films on their merits; but if you once let them rank for quota, is not it going to be making a very big hole in your protection?—Well, the disadvantage of the scheme is this, as I am sure you will appreciate: that you are having a cost test and a quality test at the same time. The cost test was supposed under reasonable circumstances to give us good quality. Now these pictures, which are only a very small percentage of the numbers of films produced in this country, are very good pictures, but produced at under the cost test which we are putting forward. The difficulty is that if you made the cost test rule absolute and give no loophole in that cost test, then you would be putting a severe handicap on the young and genuine producer. We had to find some way of doing it. I do not like it—I do not pretend that any of us like the fact that the film, if it came below the datum line, had to be shown to a Committee, because that was introducing the very thing which we had tried to avoid all the way through, the quality test.

1746. You are providing very adequate consideration for the films which do not come up to the cost test in paragraph 15. I still do not see why that should not be enough without whittling down the cost test in addition. In paragraph 15 you have got this tribunal which you recommend, which is to allow films to qualify on outstanding merit. I should think if it passes for merit or for cost, it might rank on its merits of public appeal without quota—I think we do say that.

1747. Except that I think in Appendix A you say that after the Board of Trade have given a dispensation on cost it can rank for quota?—Yes.

1748. That is what rather alarms me; but I am glad to have had this explanation. In paragraph 23 with regard to all films quota you propose to drop the quota on shorts?—Yes.

1749. We have had a report which your Committee made to the President of the Board of Trade as to the position of shorts; that report said that there had been a steady drop. I imagine it was written at about the worst moment, because since then we have had figures from Mr. Rowson showing that in the last three years the production of shorts in England has doubled; it has gone up from 47 to 96?—Yes, they are coming back again.

1750. Do you still feel that this is workable with regard to shorts?—You are perfectly right, Sir; the reason which impelled us to make this recommendation was because there was a steady falling off in the number of shorts available and it became ridiculous: month after month and year after year the members of the Advisory Committee were compelled practically to disregard the failure to keep shorts quota when exhibitors were able to keep their all-in quota and their long quota; and really the Act so far as that was concerned became more honoured in the breach than the observance. Therefore we said to ourselves: it is no use trying to make a man get something which does not exist or practically does not exist, because some of the shorts which were being made over here were very bad; I mean there was a great shortage of them.

1751. You mention in the other memorandum that one of the difficulties is due to the excess of United States shorts over requirements. Well, is not it a natural and perfectly fair remedy to enforce the quota and in that way to keep out these surplus United States shorts: we have got no interest in them, and if there are too many of them and it is against the national interest, why should not they be kept out?—Yes; but I think you will find that the exhibitors' programmes are altering considerably since the days when this Act was first of all passed. In those days a large number of shorts used to be shown and one fictional picture, and now there is becoming a method of showing a long feature and a shorter feature picture. So that the short film to-day does not play the same part that it did when this Act was first of all passed, when the short quota and the long quota were put in.

1752. That helps in several ways, because it means that there is less need for the British shorts and that therefore the difficulty has been largely decreased?—My Committee, if they had felt assured at the time they made these recommendations that there were sufficient numbers of British shorts available, would very likely have been prepared to leave it where it was; but I really do not see that there is the same necessity to-day to differentiate, and there had better be an all-in quota.

1753. We have been told that the shorts are such a valuable training ground for personnel and a very valuable source of culture?—Yes.

1754. And it may be that the public interest would be served by encouraging shorts and making a separate shorts quota; if they do not choose to show shorts they need not, but if they do choose to show shorts, there should be a fair number of British shorts and not all American?—I quite agree. I confess I had not looked at it from the point of view you are putting to me as to the educational value of the shorts.

1755. It is not effective now because it is counted in with the long, but it might be made effective by letting it stand alone?—Yes, I quite agree with that.

1756. You recommend that the renters' quota should continue to be related to the percentage of footage of film required?—Yes.

1757. Would you work this on the price of films?—Yes.

1758. You would be comparing like with unlike. You would not take that into account in the American films to be franked by the British films; they could be of any cost; but you would allow them an arbitrary advantage on cost whatever they had spent?—Well, we give them the advantage, that if a man says: I am prepared to put a really good film up and spend £4 a foot on it—which is usually regarded as a first-class article—that he should get the advantage of that, that he should get double value for it.

1759. Of course, one of the difficulties that would arise over this is that it would become even more impossible to foretell the output of British films: if the quickie is to be defeated, there will inevitably be for the moment a decrease of British output?—Yes.

1760. You cut down quantity by putting up quality, and this would do so still more. It may be necessary, but it does seem to me the great difficulty at this moment is that we do not know what repercussions a change in quality is going to have?—Yes. In answer to that: I personally, and I think it is the view of my Committee, would prefer to lower the quota and improve the quality than raise the quota and decrease the quality.

1761. You would rather lower the quota for the moment and improve the quality?—Yes.

1762. You give your figures in paragraph 25 as to what you think might be the margin between exhibitors' quota and renters' quota?—Yes.

1763. Do you think that that could be kept permanently?—Yes.

1764. Or only for a start?—No, I think there must always be a margin; there must be a lag as between the renters and the exhibitors; but I agree that we made the margin rather wider than it has been in the past. One of the reasons is the one you have just mentioned, Sir, that there may be a little more difficulty if the price of the cost of films is put up: there will perhaps be fewer films produced.

1765. In view of the difficulty of foretelling output under different conditions, would you advise rigid limits being put in the Act, or would you leave discretion with the Board of Trade to vary the quota on experience?—I should certainly leave discretion to the Board of Trade to vary the quota, because in an industry which moves as fast as this one sometimes, one of our great difficulties has been that the Act has been too hard and fast.

1766. A proposal was brought to me which I have not yet discussed with the Committee but by some one who had been in very close touch with the industry, and who is very anxious to see production in this country go up. He suggested that you should get some definite link between production and quota, that, having fixed what maximum you are to work to, you should assess the quota for the renters year on the production of the previous producers year?—I think that is a very admirable idea, if I may say so; and also it is reasonably possible for the President of the Board of Trade to find out what the main producers in this country have laid out in their programme for future years: he can get a return of production very nearly accurately.

1767. Then it would give great assurance to the producer: he would know that if he produces films that rank for quota he would get an increasing market for it up to the maximum?—I entirely agree; I think that is an admirable suggestion and one which would also help the exhibitor to know that there were going to be films available to meet the quota which is put upon him. But that, Sir, could only be done if the President of the Board of Trade had the discretionary power.

1768. Quite; but it might be an indication to him as to the basis on which he is to proceed?—Yes, entirely; I think it is an admirable suggestion.

1769. (*Mr. Stanley Holmes*): May I take Mr. Hall Caine to Mr. Metcalfe's recommendations. You told us that you have been trying to avoid a quality test?—Yes.

1770. And you will observe that his suggestion is that all British films should be allowed to rank for exhibitors' quota, but he goes on to suggest that there should be a quality test for foreign films?—Yes, I agree.

1771. That rather appealed to me?—I beg your pardon, Sir; you mean that there should be a quality test for quota films which were made by foreign producers?

1772. Yes. The complaint has been made that these foreign people, in order to supply their quota, have had very poor British films which have brought down our prestige all over the world?—That is definitely true.

1773. And this suggestion of Mr. Metcalfe that all the British films produced by foreign producers and sold by foreign renters should be submitted to a quality test appeared to me to be rather a good suggestion?—Of course, I do not know whether your Committee is going to consider the very important question of quality test. In my opinion obviously the quality test is the best test at the finish. This cost test can be defeated; and in fact after you have spent a lot of money on a film it does not follow it is necessarily a very good one; it may still be a bad film; but it was the only way which we could suggest to avoid what is I think obviously the saue suggestion, and that is that a film before it should rank for quota should pass a certain quality; but if you are going to do that, if you will forgive me for saying so, you might as well consider that under any new Act which you would suggest you might codify the whole thing and bring them all under one Act. The cinematographers are governed under one Act to-day for fire escapes, the Cinematograph Act of 1909. Then there is the British Board of Film Censors, a voluntary institution. My own view is that the films should be controlled under one Act both as to quality and as to administration and quota and also from the point of view of censorship. That may sound revolutionary.

1774. (*Chairman*): You would like to bring it all under one Government Department?—Under one Act.

1775. And under one Government Department, because it is now under three?—Under one Government Department. In my opinion that is the only way to give the industry a fair chance.

1776. (*Mr. Stanley Holmes*): I think you told us you have been trying to avoid the quality test. Now you tell us the quality test is the best test of any?—Yes, because in my Committee we were not empowered or it was indicated to us that we were not to go in for revolutionary suggestions of the character which I have now been making to the Chairman and the Committee. We were endeavouring within the ambit of the present Act just to improve it; and the one which the Government up to now has, I will not say shirked, but avoided, has been the quality test—the question of entering into anything to do with quality or morality.

1777. But are you quite right there? Has not the policy of the British Board of Film Censors been to see that the film came up to a certain standard of morality and ethics?—Yes, but it is nothing to do with the Government.

1778. But do you think it is a feasible thing to have a Government-appointed Board which would look after not merely moral and ethical standards but quality as well?—Yes, I do.

1779. And if that were adopted you think all this difficulty would disappear?—I think that would be the better way to do it.

1780. And, failing that—failing every film both foreign and British coming under a Board for quality test—do you think it would meet the case if the British films made by foreigners for quota purposes came under a quality test?—It would be very difficult to be able to define exactly which is a British film made by a foreigner, because in 99 cases out of 100 they are not made by foreigners at all; they are made for foreign quota purposes.

1781. But could you make it that every British film which was offered to an exhibitor by a foreign renter should come under a quality test?—I do not think you could administer that even; I should like to see it done, but I do not think you could do it; there are practical difficulties.

1782. But it is the foreign renters' British films which have caused all the difficulty?—Those are the people who are causing the trouble, yes.

1783. (*Chairman*): There are certain difficulties like the nationality of Fox-Gaumont about which we are in doubt?—Yes; and not only that, but the difficulty is that all films produced in this country, British films which comply with the 75 per cent. and so on, are available for quota once they are registered. Now how are you going to divide, as Mr. Holmes suggests, the sheep from the goats, so to speak? I know them at the present moment, I could go and put my finger on them at the present moment immediately—these quickies; but it is not easy to do it if you are going to put some particular form of test upon that.

1784. (*Mr. Stanley Holmes*): So that the only complete way of doing it would be to have a Government-appointed Board which would pass for quota purposes every film both as regards morals, ethics and quality?—Yes; and then you would get a really good standardisation. To-day you lack that.

1785. (*Dr. Mallon*): Mr. Hall Caine, do you regard blind booking and advance booking and block booking as evils in themselves or does their evil influence derive from the existence of the quickie?—Oh no, I think they are evils in themselves; I think that the blind and block booking tends to strangle the industry itself and prevent fresh development and quick development.

1786. But if by other means you secure that only desirable films are produced would these matters to which you call attention be very serious?—They would not be so serious, but I think it is always a bad thing for anybody to contract too long ahead, particularly in these days when entertainment moves so rapidly.

1787. But is not that a matter which you could leave very well to the common sense of the exhibitors? In other departments of entertainment and in commercial life you do not in this sort of way come to the aid of the persons concerned?—No, I agree; and in no other industry except the cinema industry has it ever been necessary to protect them from themselves; but the cinematograph exhibitor has for some reason or other got under the control almost—the moral control—of the foreigner; they have a very great sway over them and they have compelled them by moral suasion to book these things in advance and blind-book them, even when the exhibitor has known that he has been breaking the law.

1788. Quite; but if the thing booked in advance were not in itself undesirable, would that advance booking really matter very much?—No, not so much; it would only matter from another point of view.

1789. Would not you agree that in general it should be the purpose of legislation to deal with the central trouble in the industry, and, in so far as it can deal with that central trouble, to leave other matters to settle themselves?—Yes, I do take that view.

1790. Then it follows from that that we should concentrate upon the elimination of the quickie?—Yes.

1791. Mr. Holmes was putting some questions on that and the same kind of question was in my mind. In paragraph 14 you set out the items to which the Chairman has referred?—Yes.

1792. Would you agree that it might be very difficult to compel disloyal producers to deal with you honestly under this kind of specification? Imagine, for example, the case of the distinguished performer who worked for one of the big syndicates in America and in this country; would not it be easy to overpay that person in respect of an English appearance and to underpay him in respect of appearance in America?—Yes, but if you will look further down, Sir, I think you will find we do have the right to disallow. I mean it may be only in extreme cases, but we have a right even to go so far as to disallow a charge or to reduce it if we think it is excessive.

1793. (*Chairman*): You propose an average too?—I think we have.

1794. (*Chairman*): It is towards the end of paragraph 14. I do not know whether that would be effective.

1795. (*Dr. Mallon*): Yes, I see that, and that is to some extent a check; but generally might there not be considerable difficulty in ensuring the loyal fulfilment of the prescribed conditions by those who wish not to fulfil them?—I think there is always a difficulty about that; if a producer wished to be dishonest he could falsify to some extent these figures; but I think the checks we put upon them are a sufficient deterrent, and we have not left open obvious methods of loading the cost. That is what I was trying to explain to the Chairman.

1796. Yes, but the point has been put, and I feel that it requires emphasis, that you might have a fairly substantial expenditure on a film and it might nevertheless be a bad film?—Quite, I admit that.

1797. It seems to me there is much more to be said for some other kind of test if it should prove to be possible. Is it not true that the costs of film production are rising rapidly in all respects?—Yes.

1798. And, in so far as that is the case, is not there a public interest in doing all one can to prevent extravagant and unnecessary expenditure? Do we not, by emphasising these elements of cost to the exclusion of other elements, artistic, quality and taste and so on, rather encourage that tendency to be extravagant?—I think I have said that I personally would prefer the quality test; but if that is ruled out for reasons which may be quite good, this is the only substitute that we have been able to discover. And as for what you were saying about extravagance and so on, this £2 a foot is not an extravagant production at all. I mean that is not asking people to be extravagant in production; it really is the minimum for which you can make a worth-while film.

1799. But such a condition might operate in favour of the more stupid of two producers if one of the producers were well prepared in the sense that he had money available and the other had not money available. Do you not think it is highly likely that in the next few years men will be coming into this business impelled to do so by their feeling that the films ought to be improved, and they will bring to the improvement of the film not necessarily money but perhaps brains and initiative?—Quite.

1800. Is not it vital in the interests of the improvement of British production to encourage that type of man?—Entirely; that was what I was rather dealing with in the remarks I made to the Chairman earlier on with regard to the exception which we have put in here for the man who is able to produce a good English film but at lower cost than we are putting it down at. That I have always admitted.

1801. (*Mr. Cameron*): We had a specific suggestion put to us by the Film Producers Group, first of all that the quota should be a proportion not of the total footage of films but of the footage of foreign films imported, which meant that the only people who would have to produce films for renters' quota would be firms desiring to import foreign films. They then went on to say that any film made under conditions to rank as British for that purpose which is over a certain figure should have no label attached to it, and should be eligible for renters' and for exhibitors' quota; that films within a certain range below that and above a certain minimum should be quota pictures, because *ex hypothesi* they would have been made by the people desiring to import foreign films, and should be labelled: This is a film made by so and so to fulfil quota requirements—that films below that amount, not being eligible for renters quota and therefore *ex hypothesi* made by British firms, should be eligible for exhibitors quota; so that any exhibitor if he liked to take and show a film however cheaply made by a young English producer could show it, and it would count for his quota but not for renters' quota. I should like to know what you think of their scheme?—I have tried to understand to the best of my ability the evidence given by the five gentlemen who spoke from the Federation of British Industries, but, as they sometimes mutually contradicted one another, it was a little difficult for me. I see some objection to the idea of labelling a film which comes below a certain standard of cost. I take it that they are accepting the Advisory Committee's suggestion that there should be some standard footage costs, and then if the film which is produced for a foreign film renter comes below that it has to bear a label which says: This is a rotten film, or something like that: it has merely been made for renters' purposes; that is what it comes to. It is here: "This picture is a Renters' Quota Film acquired by Messrs.——to enable them to distribute foreign films". Well, I think that would go further to discredit British pictures; I think that is the very thing that we have all been striving to avoid. I do not think it would be such a deterrent to the renter. When it was shown it would say: Well, this is a very rotten film; it is a British film, but it is a very rotten one and we label it as such. I should hesitate to do that.

1802. I quite see that. You prefer the recommendation of the Board of Trade Committee, to the suggestion that such films should be eligible for exhibitors' quota? I was not quite clear on that point?—I must say I was a little confused about the question: this is a film which has been made but which does not quite comply with all our requirements under the recommendation which we have made?

1803. Yes?—Yes, we think that should be put in a neutral category—not count for or against quota; it is still a British film, but it has not complied with our requirements. If you do not do that, if you give it exhibitors' quota, then all the work that you have done beforehand really is nullified. Renters' quota is not everything by any means.

1804. I quite see that point. If in order to increase quality you had to reduce quantity and lower the quota percentage, you would still keep that ratio, would you, 20 and 15?—Well, I think it is a very good ratio. I mean I would not like to be bound by that, but I want to emphasise again that I think quality of British films is more important than quantity; and, as to employment, if you get the quality up you will give the requisite employment. You do not necessarily give more employment by producing a lot of rubbish.

1805. If you have your fairly high cost basis on the lines of your recommendation, thereby increasing quality and reducing quantity, and if you leave it to the discretion of the President of the Board of Trade to vary the quota percentage from year to year, you would presumably, would you not, also have to leave it to the President to vary the cost basis?—Yes; certainly there would have to be some discretion in that, because obviously these costs, while being based to-day upon to-day's values, might in 10 years or five years' time have changed entirely, and a film which might be a very good film if things got cheaper costing 30s. would fulfil the same purpose as one to-day which we value at £2 a foot.

1806. And it might also be possible later on without unduly straining the resources of British studios to go to a higher cost?—Yes.

1807. There would be two sliding scales?—Yes.

1808. There is the difficulty which Mr. Metcalfe was putting in his minority report of the independent exhibitor?—Yes.

1809. There is the avowed policy of the K.R.S. not to allow independent exhibitors to combine for the purpose of renting films?—Yes, I know.

1810. That is not a point dealt with in your report. Do you think it is a point with which we ought to try and deal?—In what way?

1811. It is not a very easy thing to deal with, but I suppose it would be possible to introduce a clause preventing the K.R.S. from, in effect, obstructing groups of independent producers desiring to combine for renting purposes?—Yes; I am not in favour of that K.R.S. policy at all; I never have been.

1812. But do you think we ought to try to do something to alter it?—Yes; I think it does not help the industry. I am not in favour of that at all.

1813. Have you any suggestion to make?—Not at the moment, no.

1814. You agree, I take it, that there will always be a group of smaller British producers making serious films, but doing them cheaply, perhaps taking subjects that are of special value for showing in this country?—Yes, I hope there always will be, and that is what we want to encourage.

1815. But at the same time I take it you would agree that the main progress of British films depends on their commanding a sufficiently wide market to justify expenditure in some way comparable with the expenditure of the big American corporations?—Yes, undoubtedly.

1816. And that to that extent some linking up with American distribution might help British?—Yes; I am not opposed to the linking up of British and American interests together as long as the essential quality of British films stands out.

1817. Provided it is an equal partnership, so to speak, and not a tutelage? You envisage the smaller British renter and producer being a permanent feature?—Yes, and he ought to be encouraged to-day. If it is a recommendation which your Committee are making, I hope you will encourage him, because he is the foundation of the future of the industry.

1818. Do you see a danger, if you have too much protection for him, of a group of mushroom companies springing up which have not got the brains or resources either of intellect or of capital or technically to produce good films, bringing further discredit on the industry by turning out trash?—No; once you get over this quickie thing, which in my opinion has been one of the most serious detriments, then I think a number of companies will come along with genuine people who are genuinely trying to produce films of specialised value. Of course, they usually do what they term films of a specialised character. I think that will be to the good of the industry. In my humble opinion those people will not attempt to compete with concerns like Gaumont-British; it is impossible for them to do so; but, on the other hand, they can fulfil a very useful purpose in producing a type of film which perhaps Gaumont-British or British International would never think of doing and which is most necessary.

1819. I agree. I was only wondering whether there is a danger, as has been suggested to us in some evidence, that if their number increases too rapidly you may get a new breed of home-made quickies?—Well, I have not envisaged that danger yet.

1820. (*The Hon. Eleanor Plumer*): Continuing a point which Mr. Cameron made about the K.R.S. booking policy, the only suggestion we have had for dealing with that evil is one which might involve, and probably would involve, the legalisation of advance and blind booking. Now you think that a greater evil than the one it is designed to cure?—Well, I am a very great opponent of this advance and blind booking; but, as I said before, I realise that it is something which is really within the control of the exhibitor himself; if he does not want to advance- or blind-book, he need not do so; there is no compulsion on him to do it; he can protect himself like every other business man tries to do in this world and usually succeeds in doing. If he were an ordinary normal being, he would say: No, I am not going to book in advance, a year in advance and so on. But unfortunately the cinematograph exhibitor seems to be of a different kind altogether; he is a race of his own; and apparently he needs some form of legal protection in order to prevent him from doing something which it is obvious to everybody on this Committee should not be done.

1821. In paragraph 17 your Committee recommends the repeal of the Section which lays down that the author of the scenario must be a British subject. There has been a good deal of evidence in support of that suggestion. Do you think it is generally agreed?—Well, I am in rather a difficult position in the matter, because it was my clause that was brought into the House of Commons in Committee; I suggested the amendment and the President of the Board of Trade accepted it. The reason why I did it at that time was this, that it was no use having a British film if the scenario was going to be so distorted from British ideas that the whole purpose of producing it was defeated. In other words, I can give you an example of a book which is to be turned into a film and handed over to an American scenario writer, and he will change everything in it; he will alter the setting and the character; he will keep the same theme but he will alter it so that you would never be able to tell it was a British film at all. The only man who can stop that is the scenario writer, and we thought that if we had a scenario writer with British mentality and British ideas we might hope to get an example of a British film. But there have been obvious difficulties. There are not sufficient British scenario writers and time apparently has not given us very many more. It has had a certain handicapping effect upon certain of the British producers. I think now we have reached a moment of time when the danger is not so great as in the early days, and, as I proposed the thing, I am satisfied.

1822. You are satisfied now?—Yes.

1823. In spite of the possibility of the whole atmosphere being changed by a foreign scenario-writer?—Yes.

1824. In paragraph 26 you deal with try-out exhibitions of films before trade shows. Again we have had a good deal of evidence with regard to that, that that might be altered. Do you suggest any limit to the duration or the number of such try-outs?—No, I do not think so. I think this try-out is a trade method, as long as it is not advertised and that sort of thing and as long as it is simply done for the purpose of getting what you might call a dress rehearsal of the film.

1825. You do not think it necessary to safeguard it in any way?—Well, it is exhibited on one occasion and without any advertisement; I do not think that would be abused. I do not see that there is any opportunity of abusing it if it is, as I say, like a dress rehearsal.

1826. At the end of Mr. Metcalfe's report it is suggested that the scope of the Act should be extended by a scheme of compulsory arbitration. Could you tell us what class of dispute he had in mind?—This has been a hobby of Mr. Metcalfe for some years, this question of compulsory arbitration. I do not quite know what he had in mind there. I know he has raised it.

1827. I do not quite understand Mr. Baker's proposal. Would you explain it?—You mean the italicised part?

1828. Yes?—Well, that is very much what Mr. Holmes was saying just now: first of all that the quota should be based upon foreign footage only, and, secondly, that a quality test should be imposed upon any quota films produced for renters for the purpose of fulfilling quota against foreign footage. He suggests a quality test there.

1829. It is rather puzzling?—Yes, I think it is; because a quality test is one thing and a price test is another. Perhaps Mr. Baker, as most of us think, thinks that if you put a footage price of a sufficient size on it will in itself tend to raise the quality of the film. That is all I can think he means.

1830. (*Lt.-Col. Sir Arnold Wilson*): I apologise for my enforced absence, which may make it necessary for me to ask questions which have already been dealt with. I am in the position of being asked to criticize in one capacity what I have already unreservedly endorsed in another. You will observe my signature as Chairman to a report the concluding phrases of which may appear to pre-judge the work of this Committee. And I am further embarrassed by the fact that I am a colleague of the witness not only in the House of Commons but on the Advisory Committee, and he has served on that Advisory Committee considerably longer than I have. The report which is now before us is the outcome of a great deal of thought and research and consideration on his part and on the part of his sub-Committee as a whole, and should carry great weight.

Mr. Hall Caine has noted his objections to labelling films as quota films, on the ground that it would tend to prejudice films so exhibited. I should like to ask him whether he has any alternative suggestion as to distinguishing between various categories of films by some anodyne unobjectionable word which would serve the purposes of Government without in fact raising prejudice, or would he prefer to have simply no label at all?—Well, I have never given that matter thought. I certainly would prefer to have no label at all, because whatever label you put on would tend to identify itself with something which might be thought to be distinguishing and therefore to some extent objectionable. If you could leave it without any label it would be better. Really any name would do; if it falls under a bad category it would always tend to.

1831. And would you regard the present and impending financial rearrangements within the industry as making the labels even less valuable?—Yes.

1832. You have given your reasons why you think the proposals to prevent evasion which are laid down in paragraph 6 would in practice work fairly well. Have you any reason to think that the American film companies have succeeded in getting round the Chancellor of the Exchequer in relation to income tax?—No; I have got my own ideas on the subject but I have never gone very carefully into that side of it; but I do want to say that before you came in I did tell the Chairman, as you will see in the evidence, that my Committee did not consider this suggestion for a statutory declaration as by any means a final suggestion or as any other than another deterrent against abuse.

1833. But as a matter of fact, the arts of countering avoidance and evasion have been so highly developed in other directions, at the Treasury, in the Board of Inland Revenue and elsewhere, that it should not be impossible for the Board of Trade to learn from the experience of other Departments and administer a carefully drafted scheme of this sort?—I do not think it would. I mean, after all, take income tax for instance: you know your return for income tax; you either make an honest return or a dishonest one; and, after all, there is really very little means of finding out whether that is the entire income you derive except from extraneous sources. It is the same way here; I think you have to find it in that way. Nobody is going to the Treasury and turn evidence against himself and say: "I made a false return of income tax."

1834. Have you in your business capacity been impressed by the ability of the Treasury to detect any involuntary omission on your part?—I think we all have.

1835. So you hold by your general scheme as being adequate?—I think it is the best that we can suggest to protect the industry against itself.

1836. I gather from your answer to Mr. Cameron that you were not opposed to a quality test?—No.

1837. Can you elaborate further your ideas as to how a quality test could be superimposed upon the cost qualification?—Well, before you came in, Sir, I had said to the Chairman that I thought the whole of the Acts dealing with the cinematograph industry should be brought under one control which should include the British Board of Film Censors. I think it is quite ludicrous that we should have a voluntary organisation censoring its own work. All these things should be brought in, and then if you do that, if you put it up for ethics and morals, it is quite easy also to judge for quality.

1838. With regard to the scenario writer, I prefer on the whole, to be wrong with you in 1927 than to be right with you to-day, in the belief that it is important that the scenario writer should be a British subject, and not merely a British subject but have qualifications other than those which are imposed by the naturalisation laws of this country. There is no country in the world in which it is so easy to become naturalised as this country. I do not think being a British subject is by any means necessarily a qualification?—No.

1839. I know many British subjects whose mentality is further removed from that which I would wish to be typical of a British subject than the mentality of many foreigners?—You mean that the qualification should be British born, but even then that would not do.

1840. I feel that if we had an independent board there might be, quite unofficially, a general tendency by companies to select scenario writers with greater care. We do want to maintain the ideal of a scenario writer whose work will represent the spirit that we wish to maintain in this country, and not those rather woolly misrepresentations of classical authors, which have to my mind spoiled so many potentially good films.

1841. (*Mr. Stanley Holmes*): May I intervene? If we had a quality test for all films, that could include historical and geographical accuracy?—Yes.

1842. (*Lt.-Col. Sir Arnold Wilson*): I agree. —(*Mr. Hall Caine*): May I answer Sir Arnold on the point which led me to take the modified view that I have taken. I entirely agree with what he has said. I so expressed myself in the Committee stage of the House and was successful in getting my amendment through. It was for the reason that I wanted to ensure that when a British film went out to the Dominions and foreign countries it would actually show our mentality and express the British spirit. The foreign producer was able to circumvent the clause; he did not call the man a scenario writer. He wrote the scenario, which, as you know, is the short draft of the long story; then he brought in a man whom he called a continuity writer; he brought in another fellow whom he called something else. And so we found that, though they were strictly complying with the law in that they had engaged Mr. So and So. who may have been British born and British bred and everything else, to write the scenario, they then handed it afterwards to another man who was an American, and he re-adapted it and made it entirely different. We had no power to see that the scenario when written was transcribed into the actual film.

1843. It has been suggested that it might be possible to organise a school or institute of technical training, which would make it easier to produce

British writers; and that one of the things that the cinema industry lacks in this country—and it is almost unique in that respect—is any single institute where the art and technique of the film industry, which is a many-sided subject, is taught. Have you any observations on that?—Well, of course, anything that could be done on that line would be to the benefit of the British film industry as a whole. As a business man I am a believer in the hard school of practical experience, going through the actual studios of the big companies and learning the work rather in that way than academically. I do not know whether you could ever satisfactorily educate people to be scenario writers. I know you cannot educate people to become writers, because I had a father who was a writer and he was never able to educate me into becoming one. I do not know whether you could take a number of people who can express themselves well but do not know how to do it in a way which would benefit the film and bring them into touch with what is wanted. That is what I think you mean?

1844. Yes. You are aware that there are in America a number of institutes which are purely technical institutes relating to the film industry, which have been founded and subsidised by the industry?—In short, I think that once you have formed your board or your central organisation, you will give the British film industry a standing which I think it deserves now, and which will all tend to development on the very lines of thought which you are now bringing forward. How it will come it is impossible to say, but it will elevate the industry and put it into a position which I hope it will attain, that is to say, make it respect itself. For years it had no self-respect at all, and a part of the trouble which you are endeavouring to clear up and which I for eight years have been endeavouring to clear up has been due to the fact that there has been a type of man in the industry who has had no respect for himself, and has not realised that he is part of a big business and a big organisation, which he is. If you can get him to respect himself, you will not have half the trouble which you have in this matter.

1845. In fact, the B.B.C. in this respect has lessons for us?—Yes.

1846. (*Chairman*): I am very much indebted to you, Mr. Hall Caine.

(*The Witness withdrew.*)

MEMORANDA OF EVIDENCE FURNISHED TO THE COMMITTEE ON WHICH NO ORAL EXAMINATION TOOK PLACE.

(*a*) Further Memoranda by the Cinematograph Exhibitors' Association of Great Britain and Ireland.

(i) *A "Quality" Committee.*

If a committee be constituted upon the lines which we have suggested we do not think that it would be necessary for it to review all British films. We beg to suggest the following mode of procedure:—

When a film was trade shown it should be competent for this Association (or, if preferred, a given number of exhibitors—say five) to ask, within three days, for a re-viewing of the film. If the film failed to satisfy the "Quality Committee" the registration should be cancelled and the film would thereupon fall into a neuter class. It would be unfair that because a film was disallowed from registration as a British film that it should automatically be deemed to be a foreign film and, therefore, re-registration should be unnecessary. Once two or three decisions had been given by the Quality Committee we do not anticipate that it would be required to do much work, as the first decisions would quickly eliminate the "quickies" as the producers would know that they would not have any chance of being passed by the committee and, therefore, they would not be made.

The committee would seek to establish as a standard that the films passed represented a *bona fide* attempt to produce a film possessing entertainment and exhibition merit which would enable the renter to rent that film in a free market in competition with foreign films generally acceptable to the public.

We do not think that it is necessary to have a large committee. We suggest that it should be five in number—a producer, a renter, two exhibitors and an independent chairman in whom the public would have confidence. We do not anticipate that the Association would find any difficulty in obtaining the services of two exhibitors to act in a voluntary capacity, and anticipate that similar public service in the interests of British production would be forthcoming from other sections of the cinematograph trade. The remuneration of the independent chairman is a matter which we have left to the consideration of the committee, if such a course was found necessary.

9th July, 1936.

(ii) *Sub-standard films.*

There are a number of halls showing performances of sub-standard film regularly and charging for admission. Some of our members have been endeavouring to secure village halls, etc., where cinematograph performances could be given regularly on sub-standard films.

There is a difference of opinion amongst Licensing Authorities to-day on what constitutes an inflammable film as expressed in the definition clause of the expression "theatre." All films are inflammable, but some Licensing Authorities do not bother themselves to enforce any provisions of this kind in respect of non-flam film, which is more accurately described as slow burning. The above performances are generally of an entertainment character and a charge for admission is made.

The other type of performance is a mixture of advertising and entertainment films. One of the apparatus manufacturers fixes up with a national advertiser that he will show in the various working men's clubs, etc., a programme including the particular advertising film which is the main object of the performance.

It would not be any trouble to include British quota in such programmes, and as the clubs, etc., concerned are anxious to show as many of this type of programme as possible, it would be useful if they were licensed so that you could keep track of them.

Bona fide educational exhibits would not be affected, as the films in use would come within the exceptions specified in Section 27. On the entertainment side, sub-standard films are reduced by the renter from standard stock so that very little complication would ensue in regard to any question of registration.

31*st July*, 1936.

(*b*) MEMORANDUM BY MR. STUART F. DOYLE.

Statement by Stuart Frank Doyle, Managing Director of British Empire Films Limited, Distributors of British Pictures in Australia, principally British International Pictures, Associated Talking Pictures, Capitol Productions, Herbert Wilcox Productions, General Film Distributors Productions, with Offices at Dorland House, 14, Regent Street, London, S.W.1, the Head Office of the Company being at Film House, 251A, Pitt Street, Sydney, Australia, and with Branches in Melbourne, Adelaide, Perth, Brisbane, Hobart and Wellington (New Zealand). Also Managing Director of Cinesound Productions Limited, being the largest Producers of Film in Australia, with their Principal Studios at Ebley Street, Waverley, Sydney, and Head Office at 49, Market Street, Sydney, Australia, and with London Offices at Dorland House, 14, Regent Street, London, S.W.1.

I am making this statement on behalf of British Empire Films Limited, and Cinesound Productions Limited, both Companies being vitally interested in the future of the Cinematograph Films Act.

My Company, Cinesound Productions Limited, in common with other producers in Australia, are alarmed at recommendations that have been made before your Committee, that Australian pictures made within the Empire should not be eligible under any future Quota Act.

Should this be accepted by your Committee and become Law, it would spell the death knell of Australian production, because Australia cannot supply sufficient revenue to enable pictures to be successfully manufactured there without the benefit of the English market, and the disqualification of Australian film from the benefit of quota, particularly from the exhibitors' quota, would put a handicap on Australian films and make them impossible to produce.

Up to date no Australian picture is able to earn anything on the foreign market, and is dependent entirely upon Australia, New Zealand and England, for its earning capacity.

I would favour either a qualifying Committee to deal with production, or a qualifying cost of production from the point of view of Australian pictures. Of the two methods we would favour the qualification of cost rather than that of quality, as Australian stories might be misunderstood by the Committee set up to judge.

I might mention that in the Quota Act of New South Wales and Victoria, a Qualifying Committee has been set up, but the Act has not been in existence long enough to ascertain whether the activities of this Committee are satisfactory. In any case, there is no representative of the trade on the Committee, and it can be considered a layman's Committee in its control.

From the point of view of the distribution of British film in Australia, in my opinion it is highly desirable to have some qualifying machinery to improve the standard of British film.

The majority of the pictures that are released in Australia are those that are manufactured by purely British organisations.

Any system that will eliminate the cheap indifferent British picture and bring about a higher standard of British production, will be welcomed by the distributors of British film in Australia.

Nowhere else in the World, even in England itself, has such an effort been made as in Australia to develop public interest in British film. Special circuits of theatres have been created for the presentation of British film alone, and the public have been educated to becoming all-British film minded, and as a matter of fact, a distinct public has been developed who follow British film. However, it is found that it only needs a number of indifferent British films to be presented in these all-British theatres when the public, notwithstanding their patriotic outlook, lose interest in the entertainment, and it is a very difficult task to re-capture their interest and re-build these theatres back to a profitable basis.

The public, ever critical, and expecting British films to develop at the same speed as the technique of American films, are naturally critical of the poor and indifferent British film that comes on the market from time to time.

If, in the passing of the new British Quota Act, a qualifying clause is introduced, either by way of cost or quality, it will be welcomed by the Australian distributor of British film, and the Australian exhibitor.

The Australian exhibitor welcomes good British film, but desires that a better class of picture be concentrated upon and the weaker pictures kept out of Australia altogether if they must be produced.

As an alternative to any qualifying clause in relationship to Australian pictures, it is suggested that a voluntary or public organisation should be created to prevent indifferent British film being exported out of the country, just as is frequently done in relationship to manufactured goods and produce in other countries, so that only the best of British film is presented outside England itself. This would have the effect of keeping away from any country, particularly within the Empire, films of mediocre character which does much to lower the prestige of British film production, and indeed of England itself.

London,

2nd July, 1936.

(*c*) MEMORANDUM BY THE ELECTRICAL TRADES' UNION.

We have had the privilege of reading a copy of the evidence submitted to you by the Trades Union Congress General Council, with which we entirely agree.

As a trade union having over 1,000 members employed as electrical craftsmen in the production of films in this country we wish to add that the conditions of employment generally observed by the producers are of a satisfactory nature and in nearly all cases governed by mutual agreement between proprietors of the studios and the trade unions concerned; that in our opinion the competition from America, unless restricted, will eventuate in a reduction of employment to our members; that the electrical accessories and the technical skill of our members is, in our judgment, equal to that of any other country and that given reasonable protection against "dumping" the class of production in this country will be fully equal to that of any of the competing nations. Fully realising that the only danger to increased production in this country is the "dumping" here of surplus foreign films, we fully endorse the application for the continuation in the proposed amended form of the Cinematograph Films Act of 1927.

16th July, 1936.

(*d*) MEMORANDUM BY MR. J. LESLIE GREENE.

It is obvious that many of the British films have been made more with the object of complying with the Quota Act than with the intention of providing genuine entertainment for cinema patrons.

Some time ago it was thought that the alien firms deliberately arranged for the production of mediocre English films in order to stagnate the British product and leave the field entirely free for American films. Many of the "quickies", made at express speed in order to fulfil the requirements of the renters to comply with the quota, certainly lent colour to the belief. Now, however, there is some improvement. Much more money is being spent on British production but the position still calls for greater endeavour.

The great British combines and large circuits live in a favoured position because, being manufacturers or controllers of films, and to a certain extent independent of American films, they can arrange their programmes without much difficulty. But the small isolated exhibitor has no such resources. He is at the mercy of the renters. If, for the prestige of his theatre, he desires a star film, he finds he must take inferior pictures with it, and also the cheap British films which the renter is anxious to book to make up his quota. He is, therefore, practically forced to include in his programmes unsuitable films which gradually destroy his business. He has no alternative. He is a small trader who is negotiating with a remorseless dealer who compels him to accept his terms or alternatively refuses to supply. The position for the small independent exhibitor is made intolerable by this system of coercing him to circulate products which he knows will be injurious, and that is why a considerable number of small owners have been driven to sell or lease their halls to the combines.

To prevent the manufacture of cheap and worthless British films, a minimum price should be instituted. £2 (two pounds) per foot for a feature of 6,000 or upwards, would be a reasonable figure; there should also be a small body of experts representing renters, exhibitors, producers and technicians sitting in judgment on each British film, and any film not up to standard should be excluded from exhibition. This, to a certain extent, would limit the practices of the inexperienced producing firms who, exploiting the Quota Act, have been able to market very unworthy specimens of British production merely because the films helped the renter and exhibitor to meet the demands of the law.

It might also have the effect of compelling producers faced with the possibility of rejection of unsuitable product to engage the right type of artistes. At the present time many performers who have outlived their popularity on the stage and music-hall, are engaged in British films and owing to quota the films must be used. This does not enhance the reputation of British films and if a process of official selection could be established, the standard of the films would be advanced.

Another feature of the Statute might well be inquired into. When the Act was passed it was with the intention of assisting British interests generally. British artistes, producers, camera-men, technicians, were to be engaged, in fact the Act was originated to promote the employment of British labour. If inquiry is made it will be found that actually it benefits British labour to a very small degree. It will be found that aliens, or people of alien extraction, masquerading under British names, are usually engaged to the exclusion of genuine British artistes. If this could be remedied, no doubt much of the vulgarity that has been introduced into our national films would be excluded.

21st May, 1936.

(*e*) MEMORANDUM, BEING THE TEXT OF A LETTER FROM THE ASSISTANT SECRETARY OF THE INCORPORATED SOCIETY OF AUTHORS, PLAYWRIGHTS AND COMPOSERS.

The Cinematograph Films Act, 1927.

I am desired by the many film writers and scenarists who are members of this Society to submit for the consideration of your Committee the following observations relevant to the provisions of the above Act directly affecting our members' interests.

It is submitted that the services of British scenarists are essential not only to secure adequate expression to British conceptions and ideology in the treatment of British films but also to safeguard spoken English from the influx of the less intelligent and less expressive of Hollywood idioms.

Unless some measure of protective legislation is continued the growing tendency for American standards to be accepted and for all scenarios to be written upon American lines will become more pronounced and cannot fail to be detrimental to the film industry as a whole. Many American producing firms, which, in view of the growing importance of British films and in order to comply with the Quota provisions, are opening studios in England, will in the absence of a clause necessitating the employment of a British scenario writer in all probability show a preference for the American writer. It is interesting to observe in this connection that certain American studios in England already employ screen writers from Hollywood to give instruction to British screen writers.

Again, the repeal of that section which provides that the scenarios of British pictures must be written by British subjects would have a gravely detrimental effect upon Canadian films and film writers. There the all too frequent practice of using what is in essence American material, revised for a small payment by a British subject to meet the present requirements, shows that once this slight safeguard was removed the American scenarist would be assured of an almost complete monopoly.

I feel sure that these considerations have already engaged the attention of your Committee, but since, it is understood, no representations have hitherto been made by scenarists and film writers it was thought desirable that their attitude should be indicated.

8th July, 1936.

(*f*) Memorandum by the Strand Film Company, Ltd.

Since the 1927 Act was passed registered shorts have declined from a proportion of 2:7 to 2:9 in relation to longs.* " The reduction in the supply of short subjects is attributable principally to a falling off of British production in this field. Compared with the total foreign productions registered here, the short films have fallen from 24 per cent. to 21 per cent. between the first three years against the last three years. The British supply in the same period fell from 14·1 to 5·0 per cent. of the entire registered British output."†

Mr. Simon Rowson comments on this as follows:— " The fall in the number of short subjects now being produced below the level of a few years ago is significant and regrettable, because it implies diminishing attention throughout the world's production centres to these kinds of subjects, which introduce the principal element of variety in the average programme."

At a recent banquet given by the film industry to Australian trade representatives, Mr. Malcolm MacDonald, Secretary of State for Dominion Affairs, spoke as follows:—

" . . . and then suddenly the screen in its inimitable way starts to perform miracles, and you see in a series of perfect moving pictures the various stages of the growth of some beautiful flower or the life history of some fantastic creature or some other secret or wonder of nature. Then suddenly the scene changes again and you are being taken on a journey perhaps along the Great Wall of China or through the painted desert of Arizona or to some distant outpost of our Empire. These Documentary Films which you can produce as no other producers in the world can produce them are playing, I believe, a highly important and attractive and successful part in the education of our millions in this country. They are performing a signal service to the whole of the community in the way of education."

In the opinion of many leading members of the film trade the production of shorts provides the most useful training ground for apprentices. There is no doubt that the provision of such a training ground is most badly needed by the British Film industry, which has had to draw so frequently upon foreign technicians for the lack of suitably trained British technicians.

Yet, despite the advantages of a sound short film side of the business, there has been no encouragement to the shorts producer. Under the present terms of the Act short films, in particular documentary films, can seldom be registered as either renters' or exhibitors' quota.

We acknowledge that when the Act was framed documentary films were not being made and the exemption of current events, scenic and industrial subjects from registration was designed to prevent foreign renters acquiring the product of a cameraman's week-end, a casual description of scenery or industry, and registering it as a British film.

Since that time a school of cinematography has grown up in Britain called documentary, whose films are based on a dramatisation or creative interpretation of current events, scenic, scientific or industrial material (c.f. " The Song of Ceylon," " The Face of Britain," " Shipyard," " Weather Forecast," " Night Mail," " Industrial Britain," etc.).

A documentary film is treated in much the same way as a studio film, from a production point of view. It is not a collection of scenes collected together into a travelogue or an industrial film, but a film, scripted, directed, edited and synchronised with imagination and skill. The average production time of a documentary film is three to four months and during that period provides employment for a minimum of four people for each subject.

These films have gained considerable international prestige for British film production at all the international exhibitions. (Prix du Gouvernment de Belge, gold medals for all British documentary films shown at the Brussels International Film Exhibition, gold cup and medals at the Venice International Exhibition, etc.)

Documentary films are given more serious consideration by responsible film critics of national newspapers than the majority of studio films.

Suggested Methods for Improving the Administration of the Existing Act.

It is our submission that a more sympathetic interpretation of the term " special exhibition value " might be made for documentary films, providing they come within the provisos contained in the Act, part 4, 27, (1).

For this purpose we suggest that a special subcommittee is appointed, who will be better qualified to judge the value of documentary films, consisting of a representative of the British Films Institute, Associated Realist Film Producers, and a commercial firm specialising in documentary film production, with two of the five of the present advisory committee, who have no pecuniary interest in the film industry.

It is submitted that this committee would judge documentary films from aesthetic, cultural and educational considerations, which are inseparable from any examination of their " special exhibition value ".

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* S. Rowson, " A Statistical Survey of the Cinema Industry in 1934."

† *Op. cit.* p. 106.

Suggestions for Incorporation in any New Act which may be Framed, for the Improving of the Position of Short and, in Particular, Documentary Films.

We recommend that the qualifying clauses contained in the Act, part 4, 27, (1), should be abolished, so that all shorts can be considered. The quality of short film production can be safeguarded by the permanent establishment of the sub-committee recommended in the last part, which would consider each short on its merits. We suggest that this could be best accomplished by each short producer depositing with the committee a copy of the treatment of each film before the film were put into production. The completed films when they were submitted would be judged on their relation to this treatment. In this way the committee could be assured that adequate preparation and production value were being given to each film.

There can be no doubt that if documentary and short films were generally admitted to registration for full renters' and exhibitors' quota it would stimulate production in this country which is even at the moment leading the world in documentary film production, and would create a new growing point for the film industry.

But it is not enough for the films to be bought by foreign renters solely to satisfy their legal requirements. At the moment exhibitors are balancing their showing of foreign shorts by showing British longs.

We suggest that under any new Act exhibitors should have to show the same percentage (20 per cent.) of British shorts against the number of American shorts, as in the case of longs.

It is conceded by most authorities that documentary films have a great educational value and, in securing the protection of their production it would, in the words of Dr. Leslie Burgin " bring to each one the knowledge of what is happening in the greater world outside, an achievement which represents one of the greatest contributions which the film industry is making ".

12th May, 1936.

(*g*) MEMORANDUM BY THE THEATRICAL ARTISTS' FILM SOCIETY.

The Committee of the Theatrical Artists' Film Society is in favour of maintaining the quota film if proper safeguards are provided to improve the quality and make it worthy of being a British film.

At the present time it is a common practice for foreign waiters and other aliens, gathered from the foreign quarter of Soho and other districts, to be employed for parts and as extras. To make matters worse these people are not, and never have been, artists and this seriously affects the artistic value of British quota films. To prevent this happening in future the Committee suggests it be laid down in the regulations that only artists, who are members of one of the professional organizations devoted to the entertainment industry, be employed.

In the interests of art, and where the story required that a foreign artist should be engaged for a *principal* part, the Committee would not raise any objections, but it is strenuously opposed to the wholesale engagement of foreigners in British quota films.

The Committee urges that steps be taken so that the minimum rate of pay, for small parts and extras, be that laid down in the agreements entered into between the studios and the aforementioned artists' organizations.

The Committee also urges that the regulations in future demand that all artists must fill in and sign the printed form declaring their nationality *before* engagement and not *after* the production at the studio. The latter is the usual practice at present.

13th June, 1936.

(*h*) MEMORANDUM BY THE TRADES UNION CONGRESS.

Introduction.

The Trades Union Congress General Council is the representative central body of the British Trade Union movement. The unions and societies affiliated to the Trades Union Congress include within their membership workers in all branches of industrial and commercial activity.

This memorandum has been drawn up by the General Council of the Trades Union Congress after full and careful consideration of the present position of the British film industry and of the Quota provisions of the Cinematograph Films Act of 1927, and after consultation with those unions affiliated to Congress who are directly interested in the British film industry. The observations made and the proposals put forward in this memorandum are those of the Trades Union Congress General Council. They are concerned with, and are submitted in the light of, wide considerations of social significance.

General Observations.

1. A film industry, particularly production and distribution, occupies a unique position. Wireless broadcasting alone approaches it. It is distinguished from industrial and commercial activity generally by reason of the influence it possesses in affecting the general level of education and culture—in acting as an advertiser and a propagandist, at home and abroad, of particular products, ideas and standards of conduct.

2. Of the possession of this influence by the film industry there is ample evidence in the post-War experience of films in this country. The one-time almost completely all-American character of cinematographic performances and the existing preponderance of American films shown in this country has had the effect of familiarising and popularising American products, American speech, customs, social arrangements and ideas amongst British cinema audiences. Americans themselves are convinced that the film is a powerful influence in increasing the sales of American products in other countries. The influence of American films upon speech and dress in this country is so obvious as to have passed the stage of general comment. Equally, it can hardly be doubted that many people in Britain base their judgments of the United States and its people upon the impressions they derive from visits

to the cinema. There have been comments from abroad on the effect of showing highly-sophisticated western films to eastern audiences.

3. On the general ground of the desirability of maintaining and extending industrial and commercial activity within this country, the General Council of the Trades Union Congress are anxious to see the production of British films soundly established and progressively developed. Though the amount of employment that is and can directly be given by film production is not to be compared to the amount of employment that is given by the basic industries of this country, it can nevertheless provide direct employment for a substantial number of British workpeople and that, judging from current experience, under reasonably decent conditions and at reasonably good wages. The indirect employment and industrial value of a well-established and progressively developing British film producing industry is indeterminate but considerable.

4. It is, however, because of the possession by a film industry, particularly film production and distribution, of a unique power to influence the customs, habits and ideas—all that may be described broadly as the level of cultural and educational attainment—of cinema audiences and the power to sustain, extend or diminish the prestige and the sale of the products of a country in other lands, that the Trades Union Congress General Council desires to have an intelligently conducted British film producing industry maintained and developed. The Trades Union Congress General Council believe that the proposals put forward in this memorandum will assist in the attainment of that object.

5. The Trades Union Congress General Council do not wish that the attainment of that object shall be made the excuse for the production of poor quality films or for the propping-up of an inefficient industry. They have given the most careful consideration to this matter and they are convinced that for several reasons British film production cannot hope to be maintained and developed on quality and merit alone. The prevalence of practices whereby the exhibitor is more or less firmly controlled by the distributing agent—the renter—who, in turn, in Great Britain, is often little more than the agent of a foreign producer, makes it difficult to secure bookings for films, other than the undoubted " hits ", not produced by producers in control of or in close association with the renters. The business of distributing or renting is largely under American control or influence partly by reason of the opportunities open to American producers during the War when production in England was suspended, and partly by reason of the fact that the American producer, having by his control of distribution in America practically closed the American market to British producers, is enabled to recover his costs in his own country and supply an expensively produced film at a low figure for distribution here. Under such handicaps the British producer's difficulty in securing a satisfactory distribution and exhibition of his films is not one that merit alone will help him to resolve.

6. The quality of British films, once low, has improved considerably and rapidly during the past several years and it is suggested that the proposals of this memorandum will assist in the maintenance of that rate of improvement.

The Quota Provisions of the present Act.

7. The Trades Union Congress General Council believes that, on the whole, the Quota Provisions of the 1927 Act have worked for the benefit of the British film industry. Certainly, during the period of the operation of the Act, British film production and capacity to produce has increased and the quality of British films has shown considerable improvement. Quite early, however, in the operation of the Act it became apparent that means had been found of evading the fulfilment of the intention of the Act though not of its provisions. The method of evasion is for Renters who desire mainly to distribute foreign films, to make or to have made for them in the British Empire, films at a very low cost and usually of very poor quality simply in order that they may fulfil the legal Quota requirements necessary to enable them to distribute foreign films. This practice is acceptable to the Renter of foreign films since it serves both to enable him to fulfil his Quota requirements at little cost and does not provide any real competition with the products he is most desirous of distributing. In fact, the practice tends to show up British films in general in a poor light in contrast with the comparatively excellent foreign product. The existence of this practice is not disputed and the effect has undoubtedly been to create an entirely unwarranted prejudice against British films in general. The Trades Union Congress General Council strongly urge the need to eliminate this type of cheap Quota film, and the proposals of this memorandum for a minimum cost requirement for films eligible for Quota are submitted for that purpose.

8. The Act of 1927 distinguishes long films (films of three thousand feet and upwards) and short films (films of less than three thousand feet) and provides that Quota requirements shall be satisfied in respect of long films as well as in respect of all films. Thus, under the present Act, Renters and Exhibitors must acquire and exhibit respectively a proportion of long British films, if long films are acquired and exhibited at all, but there is no compulsion upon Renters and Exhibitors to acquire and exhibit short British films. .

9. In considering the effect upon short film production of the omission from the present Act of any compulsion upon Renters and Exhibitors respectively to acquire and to exhibit short British films, the Trades Union Congress General Council have been concerned with the probable effect of the inclusion of such a provision rather than with the known effects of its omission.

10. It is, however, known that the difficulties of finding a market for " short " British films have been increased by the development during recent years of the " two feature programme " in cinema theatres and that the present Quota provisions are less favourable to the exhibition of short films than to the exhibition of long films.

11. Certain types of short British films have always been in an exceptionally unfavourable position in relation to films generally. Films of quite exceptional merit and of high social, educational and cultural value are almost exclusively of the " short " variety and are often produced by small groups of persons possessing a limited amount of capital and whose influence with Renters and Exhibitors is negligible in comparison with larger producers. Because of these limitations and because their products are often less obviously likely to be to the taste of the unimaginative sections of film audiences, such producers are at an even greater disadvantage in finding a market for these products than are British producers generally.

The Importance of Short Film Production.

12. Yet the need to encourage the production and exhibition of short British films of exceptional merit and of high social, educational and cultural value is as great if not greater than the need to maintain and develop an intelligently conducted film-producing industry. It is in the production of short " Documentary ", " special subject " or " special treatment " type of film that the industry as a whole finds the material—the men and the ideas—with the use of which the quality and the presentation of film plays is improved.

13. The General Council of the Trades Union Congress is convinced that if legal provision can be made with the object of encouraging persons possessed of original ideas but of little capital and less influence with the distributing section of the industry, to undertake film production, the prospects of continued improvement and extension of British film production will be increased. The certain future development of television broadcasts in this country is another reason why intelligent experimentation in film production should be encouraged.

Proposals in detail of the General Council of the Trades Union Congress.

14. The following paragraphs set out in detail the proposals which the Trades Union Congress General Council wish to submit to the consideration of the Departmental Committee.

15. The object of these proposals is to ensure the maintenance and development of a strong and intelligently conducted British film producing industry and to assist progressively to improve the quality and to extend the influence of British films.

Proposal 1.—That the Quota principle of the present Act be retained in any future Act but applied as a percentage of *foreign* films acquired and exhibited instead of a percentage of *all* films as at present, and that in any future Act the percentage of British films required to be acquired and exhibited by Renters and exhibitors respectively shall be as follows:—

Renters' Quota:

Proposed new Quota (being the percentage of British film to be acquired based upon the total of foreign film acquired).

In the 1st year of any future Act, 29 per cent.
In the 2nd year of any future Act, 33 per cent.
In the 3rd year of any future Act, 38 per cent.
In the 4th year of any future Act, 43 per cent.
In the 5th year of any future Act, 48 per cent.
In the 6th and subsequent year of any future Act, 54 per cent.

Exhibitors' Quota:

(To commence not earlier than six and not later than 9 months after the date of the commencement of Renters' Quota.)

Proposed new Quota (being the percentage of British films to be shown based upon the total of foreign films shown).

In the 1st year of any future Act, 25 per cent.
In the 2nd year of any future Act, 29 per cent.
In the 3rd year of any future Act, 33 per cent.
In the 4th year of any future Act, 38 per cent.
In the 5th year of any future Act, 43 per cent.
In the 6th and subsequent year of any future Act, 50 per cent.

Proposal 2.—The inclusion in any future Act of provisions to ensure that if films acquired and exhibited by Renters and Exhibitors respectively include both long films and short films the Quota requirements of such Act shall be satisfied as respects the short films so acquired and exhibited as well as respects all films so acquired and exhibited.

Proposal 3.—

(*a*) All films to be registered as at present in order to be eligible to serve as Renters' or Exhibitors' Quota.

(*b*) *Long Films* (i.e. films over 3,000 feet in length). Subject to exceptions permitted by the reconstituted Advisory Committee herein proposed, no long film costing less to produce than 15s. per foot in respect of the items required to be returned on Board of Trade Form "C," subject to a maximum requirement of £5,000 on Form "C" in respect of any one film, shall be eligible to serve as Renters' or Exhibitors' long Quota.

(*c*) *Short Films* (i.e. films of 3,000 feet and less). Subject to the exceptions permitted by the reconstituted Advisory Committee herein proposed, no short film costing less to produce than 5s. per foot in respect of the items required to be returned on Board of Trade Form "C," subject to a maximum requirement of £1,500 on Form "C" in respect of any one film, shall be eligible to serve as Renters' or Exhibitors' short Quota.

(*d*) The inclusion in any future Act of a provision to enable the Advisory Committee to the Board of Trade, as reconstituted in accordance with Proposal 4 of this memorandum, to permit of the registration of "long" British films costing less to produce than 15s. per foot on Form "C" basis and of short British films costing less to produce than 5s. per foot on Form "C" basis, as films eligible to serve as Renters' and Exhibitors' Quota if, in the opinion of the Committee, they possess special features entitling them to be so registered.

Proposal 4.—That the Advisory Committee to the Board of Trade shall be reconstituted and made more representative (including representation of the Trades Union Congress and the Federation of British Industries) and shall be given power to make recommendations to the Minister as well as to supervise the working of the Act generally. It should also make an annual report, which should be published, on the working of the Act and the position of the British film industry.

(*Note* 1.—The above proposal was submitted to the President of the Board of Trade by the T.U.C. and the F.B.I. jointly in 1932. The General Council of the T.U.C. are of the opinion that the proposal resubmitted is of even more importance now that proposals are put forward for a greater measure of favourable treatment for British film producers. The General Council believes that it is a wise principle to include in any proposal for special treatment of an industry a proposal for the exercise of supervisory and advisory powers in connection with it.)

Proposal 5.—The inclusion in any future Act of Clauses permitting the employment of juveniles in studios for the purpose of portrayal in films.

(*Note* 2.—Detailed proposals in this connection have already been submitted by the T.U.C. to the Home Office.)

Proposal 6.—That Section 27 (3) (iii) of the Act of 1927 shall be deleted thus removing the restriction that scenario writers must be British in the case of British Quota Films.

(*Note* 3.—This Clause in the present Act is an unnecessary hindrance to British producers and is hardly in the best interests of the industry.)

17th June, 1936.

(*i*) MEMORANDUM BY WING COMMANDER W. E. WYNN, R.A.F. (retired).

At no time during the past nine years has feeling in America been so favourable towards Britain as to-day. This change in sentiment, especially marked in California, is to some extent due to British films, which, to many Americans, have brought England closer than anything else could possibly have done. They have undoubtedly established a subtle though effectual bond between many American picturegoers and ourselves. British films can become a still stronger pro-British influence in the United States, provided their wider distribution is encouraged and their character and tone worthily represent Great Britain.

Rumours have, however, recently been current that the British Government desires to end the present entente between Hollywood and British studios, with hints in the local Press that America should begin to think of measures of retaliation, to meet what is feared may be British discrimination against Hollywood.

It is certain that an abrupt and graceless break in relations now existing between the American and British branches of the motion picture industry would not only lead to retaliation, but to regrettable reactions upon Anglo-American harmony in general.

There can be no question of the need for a readjustment, as between American and British films, but discord and a sudden dislocation should as far as possible be avoided, despite the fact that at the present time nearly half the gross earnings of important American productions are drawn from the British Empire, and that British pictures are not yet a serious challenge to Hollywood's pre-eminence, in the United States or elsewhere.

What is necessary to enable British films to play a larger part in the entertainment of the world, especially the English-speaking world?

The answer lies primarily in the law of supply and demand. The demand is for good and ever-improving pictures. If British films can supply their share of that demand they will be sure to prosper. British studios should, therefore, consistently make films capable, on their own merits, of winning public preference, rather than seek the encouragement of mediocrity by protective legislation. The final arbiter of relative entertainment value is the ticket-buying public. The only way to win its favour, and its cash, is by giving it good pictures.

What can British studios do, to improve the general quality of their product, more than they are already doing?

A criticism often heard in Hollywood, for instance, is that British producers do not fully appreciate the importance of the story as an element in films. The Americans have no illusions on this point. They pay high salaries to writers ready to learn and adapt themselves to the requirements of the screen, and give them every chance to gain experience. British producers are alleged to rate the British writer very low, and, apart from foreigners and those whose name alone has advertising value, to make little effort to make the screen writing career an attractive one.

More attention will have to be paid to story structure, and editing, in this country, before we can hope to compete with the Hollywood product, at least in America.

Another thing that sometimes brings a smile to Hollywood lips is the fact that many of our pictures represent Hollywood, rather than British, talent, in spite of having been produced in England.

It is true that the British industry had much to learn from the U.S.; it still has. The Americans have been very ready to instruct us, though not entirely from altruistic motives.

The increasing demand for film entertainment in the British Isles did not pass unnoticed by the Hollywood producers, who, naturally enough, decided they would like the major share of the growing British market. They saw the futility of trying to stifle their sole potential competitor, and decided to assist in its development, thereby gaining a considerable measure of control over the British film industry.

This has been done by making British producers depend mainly upon Hollywood for their supply of talent, neglect the development of home resources and spare the Americans the prospect of a firmament of British stars competing with their own. Actors who show promise are lured to the Pacific coast, bound by a contract, built up as only Hollywood builds up and thereafter only become available for British films on Hollywood's own terms. Another thing; the fact that distribution in America is almost entirely controlled by Hollywood gives it the whip hand over our producers who seek American outlets for their pictures. These are some of the reasons why so many of our films have a Hollywood complexion, and why producers favour foreign talent rather than British.

Hollywood believes, not without some justification, that any unemployed actor, writer or director has only to come here immediately to find a job, provided he is not a British subject. As an example of this, an American acquaintance of my own, tried and found wanting in America, had no trouble in securing work in England. His contract provided for a salary, very moderate for Hollywood, higher than that of every British writer on that studio's staff. Presumably he was entitled to a premium, for not having the misfortune to be British.

There is in Hollywood quite a number of British, experienced in various branches of the motion picture business. Why are some of them not brought to England? Is it because of the prejudice of those producing pictures in this country against all but foreign talent? Is it true that a British subject's only chance of a job with a British studio is to change his nationality? Or is it because it is believed that Americans will not go to see a film produced by British subjects and typically British?

" Henry VIII " was essentially British in tone; so were " The Scarlet Pimpernel," " Sanders of the River," and " Thirty-nine Steps," all very popular in the United States. Jessie Matthews has a large following, in spite of being British. " Lives of a Bengal Lancer," though produced in America, successfully caught and faithfully present a British atmosphere and spirit (all a motion picture can hope to achieve, or that it need achieve). It was as great a success in the United States as elsewhere.

The average American is by nature sympathetic, rather sentimental, intensely human, kindly towards the world at large and generally free of strong prejudice against foreigners. He likes pictures with a foreign setting, and to be shown how life is lived in countries other than his own, provided the atmosphere is presented with sincerity and truth. He is quick to sense artificiality, is tired of what in Hollywood is known as " Hollywood " and always welcomes something new. He has no objection to British ways and points of view. On the contrary, he takes a generous interest in Britain and the British Empire. It is a pity he cannot see more of us as we really are, rather than as Hollywood would have us.

It is not intended to suggest that foreign talent should be barred by act of Parliament; merely that British talent be developed in order to lessen our dependence upon Hollywood, and in order to build up a truly British motion picture industry.

Legislation should aim at encouraging our producers to make pictures worthily representative of Britain, and of the standard of excellence that alone will give our industry a place in the sun. These requirements might be met somewhat as follows.

A special tax of, say, three shillings per foot, to be levied on every film intended for release in the United Kingdom, whether produced in England or abroad. This tax, however, to be subject to appreciable deductions.

In order to encourage the employment of British subjects a deduction to be made for,

(*a*) The proportion of British personnel's emoluments to the total pay-roll borne by the picture on account of, producing staff, actors, directors, writers, art and set dressing departments, musicians, camera men, sound engineers, special effects department, cutters and editors. Maximum deduction, if the above is 100 per cent. British, sixpence per foot of film.

In order to make producers aim at a high standard, deductions from the special tax also to be allowed for.

(*b*) Entertainment value. To be determined by an unofficial panel of critics. Maximum, tenpence per foot.

(*c*) Educational and inspirational value. To be determined by the Board of Censorship. Maximum, eightpence per foot.

(*d*) A special award, to be given for a film of exceptional excellence, on the recommendation of a majority on the panel of critics. Maximum deduction from the special tax under this head, fourpence per foot.

With a view to encouraging their distribution abroad, and discouraging discrimination against British films.

(*e*) A foreign picture to be granted deductions according to the proportion the total of British films' gross earnings, during the preceding year, in the country of origin of the foreign picture bear to the total grosses of that country's pictures in the United Kingdom. For equality, tenpence. For a 50 per cent. balance in favour of British films, an additional deduction of fourpence.

(*f*) For films made in England, a deduction of fourpence per foot.

(*g*) British films that, during the previous year, had grossed as much abroad as they had at home would be entitled to a deduction of fourpence per foot. This to encourage efforts to extend the showing of British films abroad.

The maximum total of deductions obtainable by a foreign film, with no British elements included in its making, would be as follows:—

	s.	*d.*	
(*b*)		10	per foot of film.
(*c*)		8	
(*d*)		4	
(*e*)	1	2	
Total ...	3	0	

The maximum total of deductions obtainable by a British film would be as follows:—

	s.	*d.*	
(*a*)		6	per foot of film.
(*b*)		10	
(*c*)		8	
(*d*)		4	
(*f*)		4	
(*g*)		4	
Total ...	3	0	

Any film that had won deductions amounting to three shillings (or more) would be freed entirely of the special tax.

Although the maximum deductions only have been shown under each head, it is to be understood graduated deductions would be provided for. To help in this, each penny might be divided into hundredths and the deductions assessed in these terms, e.g. Fivepence expressed as five-hundred, tenpence as a thousand, etc.

21st September, 1936.

(*j*) Memorandum by Julian S. Huxley, John Grierson and Paul Rotha on a Further Method of Encouraging the Production and Showing of Short Films of Good Quality in the United Kingdom.

The production of an adequate supply of short films can be catered for by arranging a separate quota for shorts. With this system alone, however, there is no provision for encouraging high quality in the shorts produced.

At the moment, short films are under a disability for a variety of reasons.

(1) A deficiency in the quota for shorts can now be met by substituting long films of equivalent footage. This, as mentioned, can be met by insisting upon separate quotas for shorts and longs.

(2) There is virtually no premium on exhibitors showing a good short as against an indifferent or even poor one. The same applies, *mutatis mutandis*, to the renting of shorts.

(3) There is usually no means by which the public can know what shorts are being shown at any theatre, unless they actually ring up and inquire. Shorts are in general regarded as mere fillers, to fill up the programme; the price per foot paid for them by exhibitors and renters is extremely low in comparison with that for good or even moderate long films; and the public has little or no opportunity of bringing their influence to bear in favour of good-quality shorts, although it is clear that good films of documentary, natural history, and travel interest are very popular.

It is suggested that these disadvantages could be in large measure remedied if the *advertisement* of one short film were made compulsory in every advertisement of a long film. This would enable the public to know where a particular short film was being shown, and so would enable them to choose between two otherwise equally attractive long films on the basis of the superior attraction of a good short. It would bring shorts more prominently before the public, and lead to more appreciation of their interest and attractions. It would lead to greater numbers of cinema-goers writing to exhibitors to demand the showing of particular shorts.

The precise method suggested is as follows:—That it should be compulsory, in all advertisements (including Press) to the public of cinema programmes, to insert a reasonable advertisement, including the title, of one short film, this to be alternatively either (*a*) a British-produced short, other than a news reel or news magazine, or (*b*) any short, other than a news reel, news magazine, or animated cartoon, wherever such films are shown.

The former alternative is more suitable if the primary aim is to encourage British production of shorts, the latter if it is to encourage high quality in documentary and allied types of shorts.

There appear to be no technical difficulties in the way of such a regulation. In the case of large posters advertising long films, the provision of a smaller poster for a short film would suffice, or the pasting across the large poster of a strip advertising a short.

By this means, rapid progress in the quality of the shorts shown in British theatres and of those produced in Great Britain, would be achieved.

22nd August, 1936.

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